

## FBN Mutual Funds Factsheet

All data as of 28<sup>th</sup> June 2024 unless otherwise stated

PUBLIC

### Executive Summary

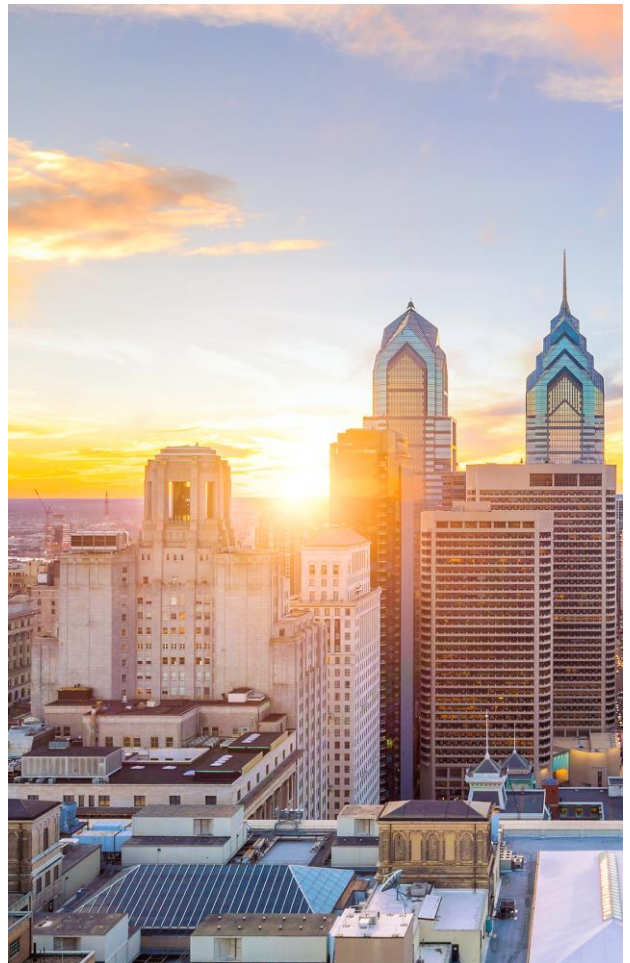
In June, the European Central Bank became the first monetary authority to take a dovish stance in 2024 by cutting its interest rate by 25bps to 4.25% YoY. On the other hand, the US Fed and the Bank of England maintained their restrictive monetary policy stance by keeping rates at 5.00% and 5.25% respectively. During the period, inflation figures for the United States and the United Kingdom declined by 30bps to 3.30% YoY and 2.00% YoY respectively in May due to slower price increases in food, energy prices, recreation, culture, furniture, and household goods. Conversely, inflationary pressure in the Eurozone rose to 2.60% YoY in May from 2.40% YoY in the previous month spurred by increases in services and energy prices.

In Sub-Saharan Africa, inflation reading showed divergent trends as Ghana's inflation fell to 23.10% YoY in May from 25.00% in April attributed to a sharp fall in food inflation and a favorable base effect while inflationary pressure in South Africa remained unchanged at 5.20% YoY in May 2024. Also, In Q1:2024, South Africa's economy shrank by 0.10% from 0.3% in Q4:2023 owing to a decline in the manufacturing, mining, and construction sectors.

Nigeria's trade balance settled in a surplus position in Q1:2023 (NGN6.52trn vs. NGN3.64trn in Q4:2023) owing to a faster increase in total exports (+51.00% YoY to 19.17trn) compared to imports (+39.65% YoY to NGN12.64trn). Total exports were supported by crude oil export during the period. Overall, Nigeria's total trade increased to NGN31.81trn in Q1:2024 (+46.27% YoY) from NGN21.75trn in Q1:2023.

According to the Debt Management Office, Nigeria's total debt profile surged by 24.94% to NGN121.62trn in Q1:2024 driven by a sharp rise in external debt to NGN56.02 trillion (+46.57% QoQ) and domestic debt to NGN65.65 trillion (+11.05% QoQ). Factors contributing to the rise in total debt included the depreciation of the naira, increased domestic borrowing to part-finance the 2024 budget deficit, and the securitization of a portion of the Central Bank Way and Means Advances (NGN7.30trn).

Nigeria's inflation rate increased by 26bps to 33.95% in May 2024 owing to lower food output and scarcity, FX issues, and higher transport costs. Food inflation (+13bps) and core inflation (+20bps) rose to 40.66% YoY and 27.04% YoY respectively owing to higher prices of Yam flour pre-packaged, garri, bean, tubers, rents, cost of medical services, and passenger transport. Positively, headline inflation, food inflation, and core inflation fell on a month-on-month basis to 2.14%, 2.28%, 2.02%, respectively in May and from 2.29%, 2.50%, and 2.20% in April.







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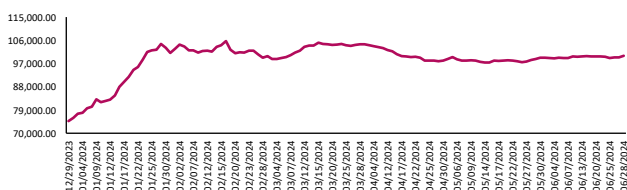
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### Executive Summary

| Asset Class   | Benchmark                             | 1M (June)% | Year to Date (%) | Commentary   |
|---|---------------------------------------|------------|------------------|--|
| <b>Money Market</b><br> | 91-day T-bill                         | 16.37*     | 14.69*           | In June, the high system liquidity position in the fixed-income market drove a fall in money market rates as the overnight lending rate (O/N) and the open buyback rate (OPR) fell to 24.17% and 25.00% apiece. The rates were at 29.94% (O/N) and 29.09% (OPR) in the previous month, where liquidity averaged a negative NGN227.78bn compared to NGN236.98bn in June. The improvement in liquidity was spurred by inflows from FAAC allocation, bond coupon payments, and OMO bill maturities. In the treasury bills market, the Central Bank of Nigeria held three treasury bills auctions with a total offer amount of NGN494.07bn vs. an allotment of NGN617.92bn (a net issuance of NGN123.85bn). At the auctions, the average stop rates on the 182-day issue and 364-day issue saw changes with the average stop rate on the 182-day instrument rising by 24bps to 17.46% and the 364-day issue falling by 8bps to 20.62% while the 91-day issue remained unchanged at 16.37%. In the bond market, the auction held was undersubscribed at -NGN144.74bn (total offer: NGN450.00bn vs. total subscription: NGN305.26bn), reflecting a decline in the bid-to-offer ratio of 0.68x from 1.23x. Hence, stop rates on the 2029, 2031, and 2033 bonds rose 19.64%, 20.19%, and 21.50% respectively, up 35bps, 45bps, and 161bps. |
|   | 181-day T-bill                        | 17.46*     | 15.69*           |  |
|   | 364-day T-bill                        | 20.62*     | 19.02*           |  |
| <b>Bonds</b><br>        | S&P/FMDQ Nigeria Sovereign Bond Index | 1.60       | -3.91            |  |
|   | 3 Year Federal Government Bond        | 2.38       | -4.05            |  |
| <b>Eurobond</b><br>   | 3 Year Nigerian Sovereign Eurobond    | 1.72       | 4.68             | At the end of H1:2024, Zambia's bondholders approved a debt restructuring plan involving the exchange of three bonds maturing in 2022, 2024, and 2027 for two new amortizing bonds with revised payment terms. This was a necessary step to access a previously secured USD1.30 billion facility from the IMF. Additionally, Zambia secured an agreement from the IMF to increase the loan amount from USD1.30 billion to USD1.70 billion to address the impact of a severe drought. Meanwhile, Ghana reached a preliminary agreement to restructure its USD13.00 billion international bond, under which bondholders will forego c. USD4.70 billion in principal and interest payments. In a separate development, the World Bank approved a USD2.25 billion financial support package for Nigeria. This package includes two financing facilities: USD1.50 billion and USD750 million, aimed at supporting strategic sectors and fostering overall economic growth. Despite these positive developments, bearish sentiments prevailed as average yields on Nigeria's Eurobond instruments rose to 10.19% from 9.86% in May, likely due to the Federal Reserve and the Bank of England's restrictive policy decision.   |
|   | 5 Year Nigerian Sovereign Eurobond    | 1.36       | 2.07             |  |
| <b>Equites</b><br>    | NGXASI                                | +1.09      | 32.80            | The local bourse saw slight gains in June as the seesaw movement in prices of bellwether stocks hampered the growth seen at the beginning of the month. Stocks like (GUINNESS: +41.27%, PRESCO: +32.56%, ETERNA: +30.61%, INTBREW: +17.81%, FLOURMILL: +17.11%, OKOMUOIL: +14.00%, HONYFLOUR: +12.00%, GTCO: +11.38%, NB: +11.32% and SEPLAT: +11.29%) helped to bolster the positive gains recorded. Performance across sectors was bullish with the Oil and Gas index leading with an 11.32% MoM gain, the Insurance Index (+6.36% MoM), Banking Index (+4.12% MoM), Consumer Goods Index (+1.11% MoM), and the worst performing index being the Industrial Index with a 0.03% MoM gain. On the corporate front, the Central Bank of Nigeria revoked Heritage Bank Plc's license due to the bank's weak financial performance. Additionally, Tolaram Group agreed to acquire Diageo's 58.02% majority stake in Guinness Nigeria for NGN81.60 per share, with the transaction expected to be completed by 2025.   |
|   | NGX30                                 | +1.15      | 31.76            |  |

Movement in NGX ASI Index



Movement in System Liquidity Position (NGNmn)



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\*Mean average stop rate at the Nigerian treasury bill auction

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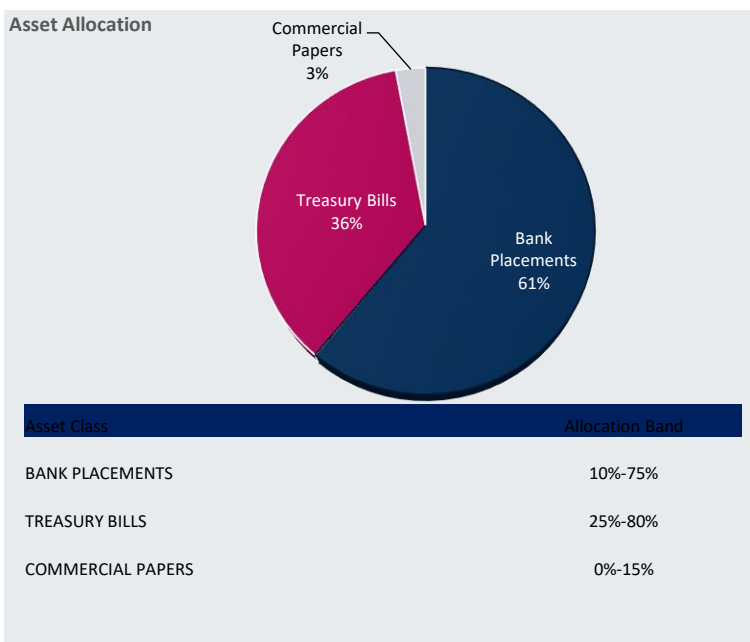
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### FBN Money Market Fund Overview

#### Investment Objective

The Fund seeks to preserve capital and maximise income by offering access to a diversified range of low-risk money market instruments in Nigeria. The Fund also provides liquidity and competitive returns.

| Fund Facts             |  |
|------------------------|--|
| Fund Manager           | Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA                  |
| Fund launch date       | 24 September 2012  |
| Fund size              | ₦234.17bn  |
| Base currency          | (₦)  |
| NAV per share          | ₦100   |
| Minimum investment     | ₦5,000   |
| Minimum holding period | 30 days  |
| Income accrual         | Daily  |
| Income distribution    | Quarterly  |
| Annual management fee  | 1.25%  |
| Total Expense Ratio    | 1.36%  |
| Risk profile           | Low  |
| Custodian              | Citibank   |
| Benchmark              | Average 91-day Treasury Bill (NTB) primary auction stop rates. |
| Investment Horizon     | 90 days  |



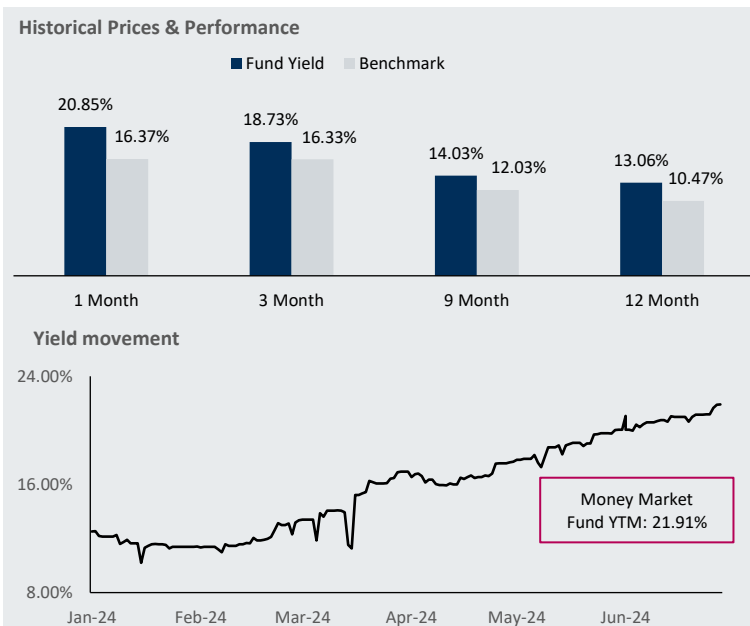
### Fund Performance and Outlook

#### Fund Performance

The FBN Money Market Fund closed the month with a yield of 21.91% and a weighted average yield of 15.81% as of the end of June 2024, 722bps above the benchmark rate of 14.69%. The return was primarily driven by the Fund Manager's strategy to effectively manage and position the portfolio to respond to the changing yield environment.

#### Fund Outlook

Owing to the continuous monetary tightening by the CBN, which seems to have yielded results as reflected by the month-on-month reduction in inflationary pressures, the fund manager will continue to cherry-pick across various high-quality money market instruments to maximise the yield of the Fund.



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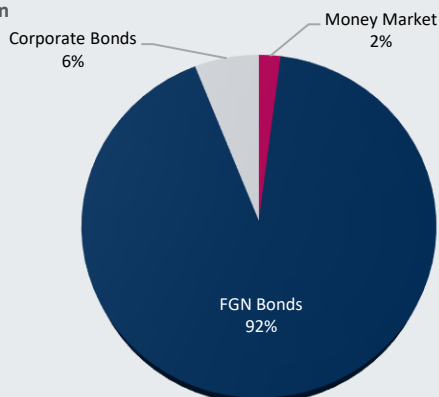
### FBN Bond Fund Overview

#### Investment Objective

The Fund is designed to provide income generation by investing in long tenured debt instruments and short-term high quality money market securities issued in Nigeria.

| Fund Facts             |   |
|------------------------|---|
| Fund Manager           | Ifeoluwa Dixon, Tutu Owolabi-Kadiku CFA, CAIA       |
| Fund launch date       | 24 September 2012                                   |
| Fund size              | ₦41.88bn  |
| Base currency          | (₦)   |
| NAV per share          | ₦1,639.01   |
| Minimum investment     | ₦50,000   |
| Minimum holding period | 90 days   |
| Income accrual         | Daily   |
| Income distribution    | Annually  |
| Total Expense Ratio    | 1.23%   |
| Annual management fee  | 1.00%   |
| Risk profile           | Low-Medium  |
| Custodian              | Citibank  |
| Benchmark              | 70% 3Year FGN Bond<br>30% Average 91-day Tbill rate |
| Investment Horizon     | 2-3 years   |

#### Asset Allocation



| Asset Class              | Allocation Band |
|--------------------------|-----------------|
| FGN BONDS                | 15% - 75%       |
| STATE GOVERNMENT BONDS   | 0% - 30%        |
| CORPORATE BONDS          | 0% - 30%        |
| MONEY MARKET INSTRUMENTS | 25% - 75%       |

### Fund Performance and Outlook

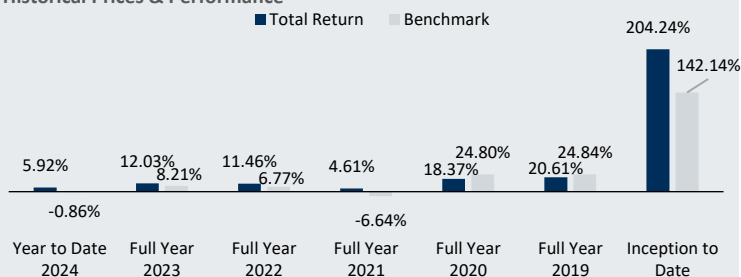
#### Fund Performance

The FBN Bond Fund closed the month with a Yield to Maturity of 12.67% and an annualised return of 11.94%. The return can be attributed to the accrued income from various instruments which has been driven by continuous monetary tightening as well as the stance of the DMO, which remains focused on the short to medium end of the yield curve.

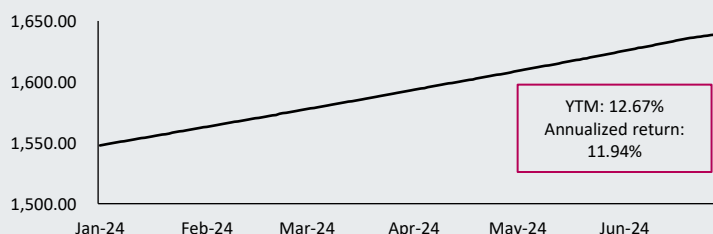
#### Fund Outlook

The fund manager will continue to cherry-pick attractive instruments across the curve to aid the fund's performance in delivering returns, whilst remaining cognizant of the expected effects of the evolving policies of the CBN and DMO.

#### Historical Prices & Performance



#### Price movement



# INVESTING

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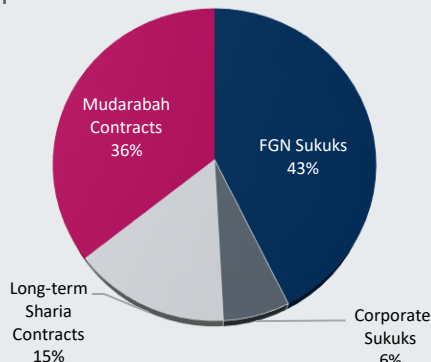
### FBN Halal Fund Overview

#### Investment Objective

The Fund is designed to provide long-term income generation by investing in Shari'ah compliant instruments such as Sukuks, Ijarah (Lease), Murabaha (Cost plus mark-up) and Mudarabah (Working Partner) contracts.

| Fund Facts             |   |
|------------------------|---|
| Fund Manager           | Ifeoluwa Dixon, Tutu Owolabi-Kadiku<br>CFA, CAIA. |
| Fund launch date       | 4 May 2020  |
| Fund size              | ₦9.20bn   |
| Base currency          | (₦)   |
| NAV per share          | ₦143.07   |
| Minimum investment     | ₦5,000  |
| Minimum holding period | 90 days   |
| Income accrual         | Daily   |
| Income distribution    | Annually  |
| Total Expense Ratio    | 1.70%   |
| Management fees        | 1.50%   |
| Risk profile           | Low-Medium  |
| Custodian              | Standard Chartered Bank                           |
| Benchmark              | FGN 3 Year Benchmark Bond                         |

#### Asset Allocation



| Asset Class                 | Allocation Band |
|-----------------------------|-----------------|
| FGN SUKUK BONDS             | 10%-85%         |
| CORPORATE SUKUK BOND        | 0%-70%          |
| MUDARABAH CONTRACT          | 0%-80%          |
| LONG TERM SHARIAH CONTRACTS | 0%-55%          |

### Fund Performance and Outlook

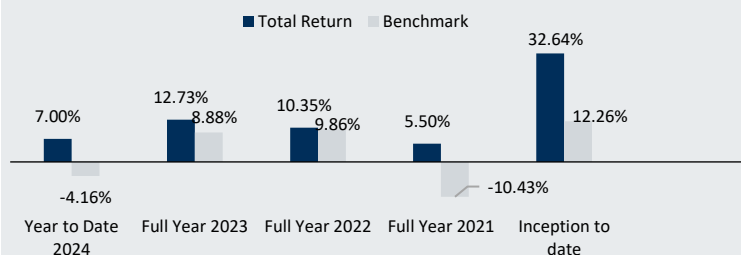
#### Fund Performance

The FBN Halal Fund closed with a Yield to Maturity of 16.11% and an annualized return of 14.02%. The return can be attributed to the accrued rental income from the Sharia-compliant assets held within the Fund. Continuous monetary tightening has led to rising conventional fixed income yields, which in turn, influenced the returns of Sharia-compliant fixed income instruments. This has supported the returns within the Fund.

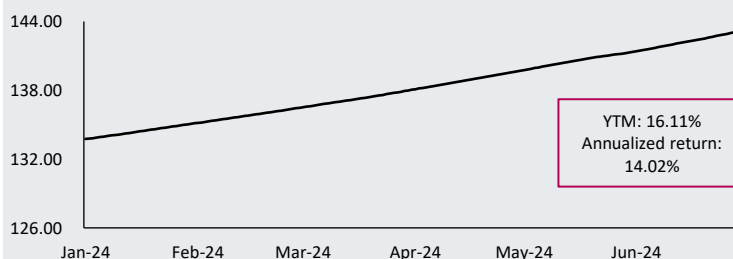
#### Fund Outlook

The fund manager will continue to monitor the developments in the non-interest capital market to actively manage the duration within the Fund. In addition, the Fund will continue to abide by the principles of Sharia investing whilst maintaining an attractive return profile.

#### Historical Prices & Performance



#### Price movement



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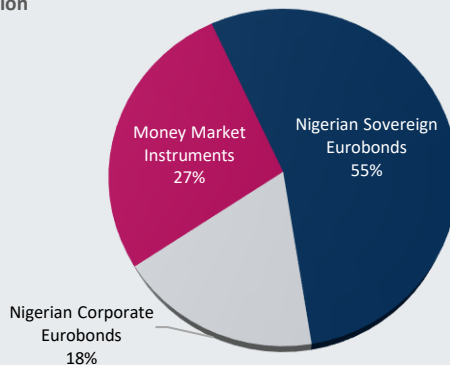
### FBN Dollar Fund Overview

#### Investment Objective

The Fund provides an opportunity to diversify across currencies and serve as a hedge through its exposure to USD denominated assets. It provides income generation by investing in debt instruments issued by the Nigerian government, corporates and financial institutions

| Fund Facts             |  |
|------------------------|--|
| Fund Manager           | Ifeoluwa Dixon, Tutu Owolabi-Kadiku<br>CFA, CAIA     |
| Fund launch date       | 4 January 2016                                       |
| Fund size              | \$34.74mn  |
| Base currency          | US Dollars (\$)                                      |
| NAV per share          | \$128.59   |
| Minimum investment     | \$100  |
| Minimum holding period | 180 days   |
| Risk profile           | Medium   |
| Total Expense Ratio    | 1.68%  |
| Management fees        | 1.50%  |
| Income distribution    | Annually   |
| Benchmark              | 70% 3 Year FGN Bond<br>30% Average 1yr US Tbill rate |
| Custodian              | Standard Chartered Bank                              |
| Investment Horizon     | 1-2 years  |

#### Asset Allocation



| Asset Class                         | Allocation Band |
|-------------------------------------|-----------------|
| FGN & CORPORATE EUROBOND            | 70% - 80%       |
| NON-NIGERIAN ASSETS (US TREASURIES) | 0% - 10%        |
| MONEY MARKET INSTRUMENTS            | 0% - 30%        |

### Fund Performance and Outlook

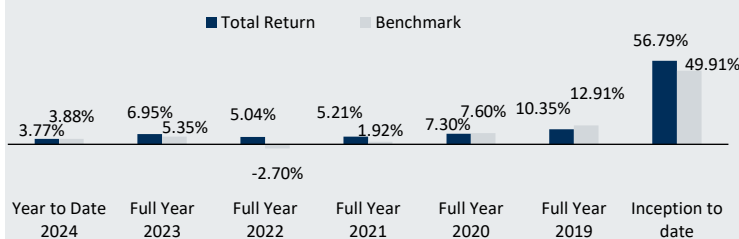
#### Fund Performance

The FBN Dollar Fund closed the month with a Yield to Maturity of 7.68% and an annualized return of 7.60%. The return can be attributed to the attractive yield profile of the various instruments in the portfolio, which has been influenced by the cautious stance of the US Federal Reserve in keeping interest rates at 5.25% - 5.50% for an extended period until inflation declines sustainably.

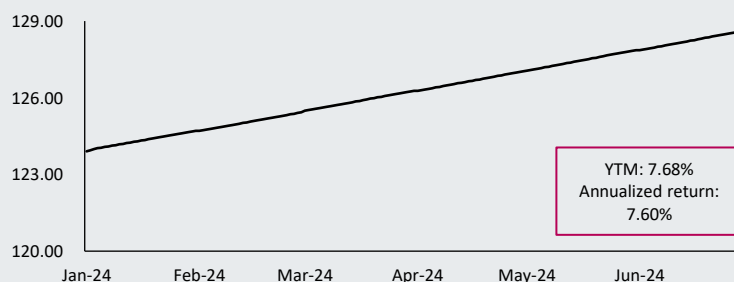
#### Fund Outlook

The fund manager will continue to track the various economic data points that influence the decision-making of the US Fed and the read-across to the Eurobonds market. This will drive our asset selection within the Fund to maximise returns.

#### Historical Prices & Performance



#### Price movement



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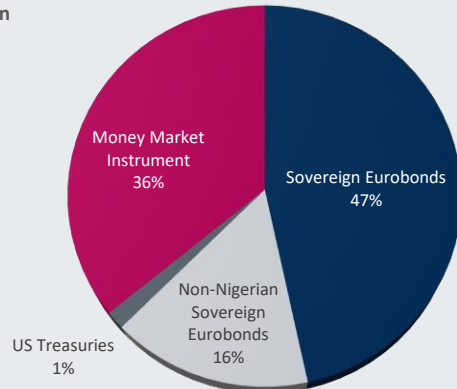
### FBN Specialized Dollar Fund Overview

#### Investment Objective

The investment objective of the Fund is to generate stable income, attractive returns, reduce Nigerian-specific risk and provide a potential currency hedge for investors.

| Fund Facts             |  |
|------------------------|--|
| Fund Manager           | Ifeoluwa Dixon, Tutu Owolabi-Kadiku<br>CFA, CAIA.    |
| Fund launch date       | 12 August 2022                                       |
| Fund size              | \$50.99mn  |
| Base currency          | US Dollars (\$)                                      |
| NAV per share          | \$116.28   |
| Minimum investment     | \$10,000   |
| Minimum holding period | 180 days   |
| Income accrual         | Daily  |
| Income distribution    | Annually   |
| Total Expense Ratio    | 1.70%  |
| Management fees        | 1.50%  |
| Risk profile           | Medium   |
| Custodian              | Standard Chartered Bank                              |
| Benchmark              | 70% 3 Year FGN Bond<br>30% Average 1yr US Tbill rate |
| Investment Horizon     | 1-2 years  |

#### Asset Allocation



| Asset Class                        | Allocation Band |
|------------------------------------|-----------------|
| FGN SOVEREIGN & CORPORATE EUROBOND | 50% - 80%       |
| NON-NIGERIAN EURO BONDS            | 0% - 20%        |
| MONEY MARKET                       | 5% - 50%        |
| US -TBILLS                         | 0% - 5%         |

### Fund Performance and Outlook

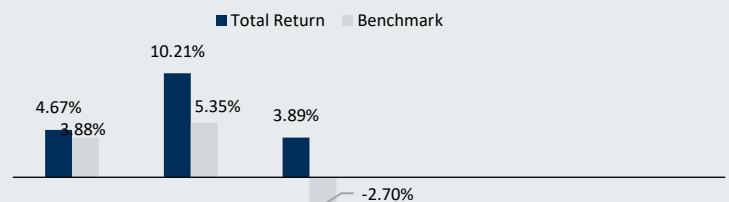
#### Fund Performance

The FBN Specialized Dollar Fund closed the month with a Yield to Maturity of 8.96% and an annualized return of 9.42%. The return can be attributed to the attractive yield profile of the Fund's global fixed income portfolio. The return has been supported by the cautious monetary stance of global central banks as they manage their economies towards a "soft landing".

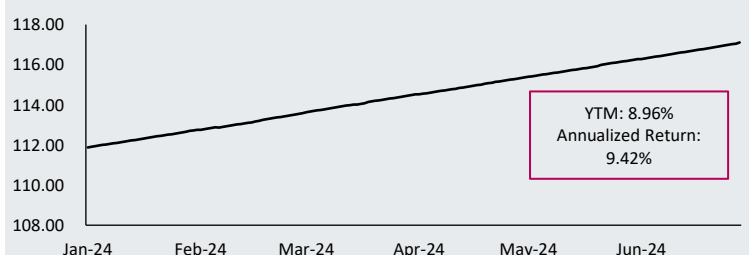
#### Fund Outlook

The fund manager will continue to monitor the interest rate decisions of global central banks as well as the revival of the African Eurobonds market (in particular, the re-emergence of issuances and finalization of debt restructuring agreements). The Manager will actively manage the Fund's duration to drive performance going forward.

#### Historical Prices & Performance



#### Price movement



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### FBN Balanced Fund Overview

#### Investment Objective

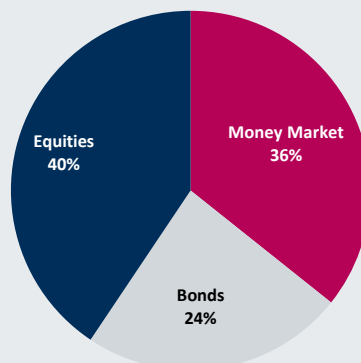
The Fund provides capital growth and downside protection to investors seeking exposure to equity. The downside is achieved through investments in less risky assets such as money market instrument and bonds

| Fund Facts             |  |
|------------------------|--|
| Fund Manager           | Laura Fisayo-Kolawole, CFA<br>Gbolahan Ologunro, ACCA            |
| Fund launch date       | 1 April 2008   |
| Fund size              | ₦8.61bn  |
| Base currency          | (₦)  |
| NAV per share          | ₦314.80  |
| Minimum investment     | ₦50,000  |
| Minimum holding period | 90 days  |
| Income accrual         | Daily  |
| Annual management fee  | 1.50%  |
| Total Expense Ratio    | 1.69%  |
| Risk profile           | Medium   |
| Benchmark              | 40% NSE30<br>40% 5 year FGN bond<br>20% 90day average Tbill rate |
| Custodian              | Citibank   |

#### Top 5 Equity Sector Exposure

|                    |        |
|--------------------|--------|
| Industrial Goods   | 25.92% |
| COil and Gas       | 19.30% |
| Financial Services | 16.32% |
| Consumer Goods     | 15.52% |
| Agriculture        | 13.47% |

#### Asset Allocation



| Asset Class              | Allocation Band |
|--------------------------|-----------------|
| NIGERIAN EQUITIES        | 40%-60%         |
| MONEY MARKET INSTRUMENTS | 20%-60%         |
| NIGERIAN BONDS           | 20%-40%         |

### Fund Performance and Outlook

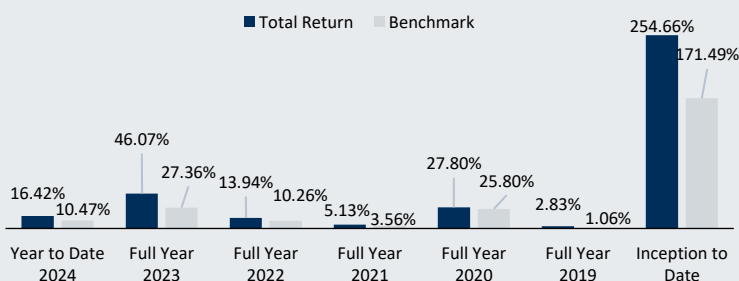
#### Fund Performance

The FBN Balanced Fund closed the month with a year-to-date return of 16.42%. The Fund's performance was hinged on the positive recovery in the local bourse, which supported the fund's return. Specifically, sizeable exposure to the banking sector and oil and gas companies supported gains. In addition, continued gains from the fixed income portfolio, given the elevated yield environment further bolstered the return generated during the month.

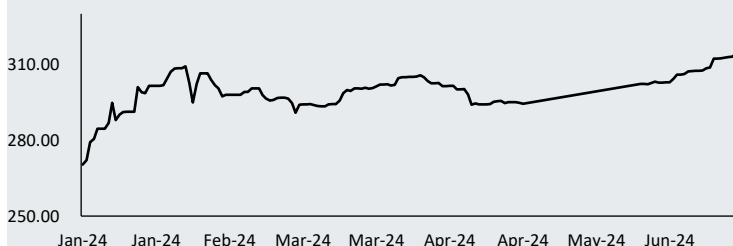
#### Fund Outlook

The fund manager will continue to leverage on the high yield environment in maximising returns within the fixed income segment of the Fund. This will be complemented by selective cherry-picking activities in defensive stocks where there are compelling trading opportunities to drive returns within the equity portfolio.

#### Historical Prices & Performance



#### Price movement



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### FBN Smart Beta Equity Fund Overview

#### Investment Objective

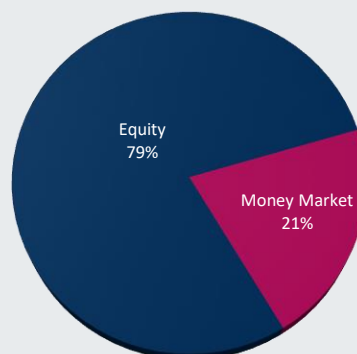
The Fund seeks to provide capital growth by selecting the best twenty (20) out of the forty (40) most capitalized stocks listed on the Nigerian Stock Exchange. The fund is appropriate for investors who want equities with the aim of outperforming the NGX 30.

| Fund Facts             |   |
|------------------------|---|
| Fund Manager           | Laura Fisayo-Kolawole, CFA<br>Gbolahan Ologunro, ACCA |
| Fund launch date       | 4 January 2016  |
| Fund size              | ₦1.10bn   |
| Base currency          | (₦)   |
| NAV per share          | ₦300.67   |
| Total Expense Ratio    | 1.63%   |
| Annual management fee  | 1.50%   |
| Minimum investment     | ₦50,000   |
| Risk profile           | High  |
| Minimum Holding Period | 90 days   |
| Benchmark              | NSE 30  |
| Custodian              | Standard Chartered Bank                               |

#### Top 5 Equity Sector Exposure

|                    |        |
|--------------------|--------|
| Industrial Goods   | 34.52% |
| Financial Services | 30.70% |
| Beverages          | 9.81%  |
| Agriculture        | 8.07%  |
| Consumer Goods     | 7.17%  |

#### Asset Allocation



| Asset Class              | Allocation Band |
|--------------------------|-----------------|
| NIGERIAN EQUITIES        | 70% - 100%      |
| MONEY MARKET INSTRUMENTS | 0% - 30%        |

### Fund Performance and Outlook

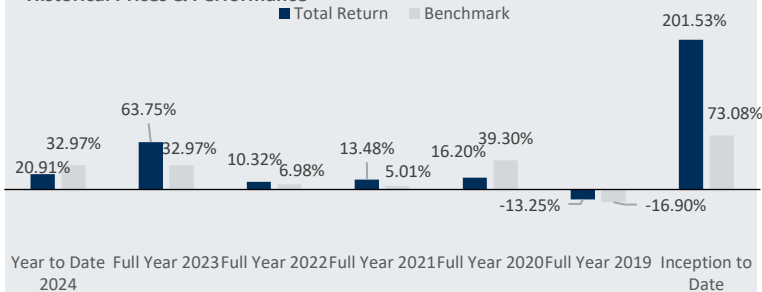
#### Fund Performance

The FBN Smart Beta Equity Fund closed the month with a year-to-date return of 20.91%. The Fund's performance in the month of June 2024 was underpinned by the continued bargain hunting activities in the local bourse, especially within the banking sector, given steeply discounted valuations. As such, the sizeable exposure provided great support to the fund's performance. This was further amplified by income earned on money market instruments given the elevated yield environment.

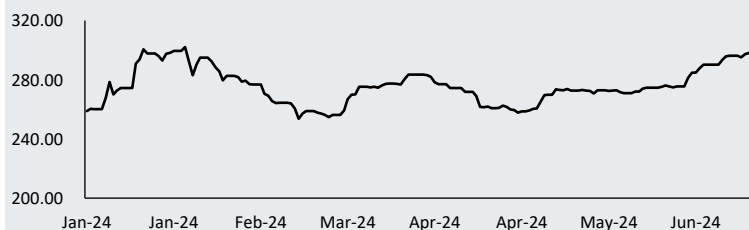
#### Fund Outlook

The fund manager will continue to assess the fundamental factors underpinning stock selection to manage long-term equity volatility within the passive strategy. In addition, continued trading activities in the money market portfolio are expected to augment and support the overall performance of the fund.

#### Historical Prices & Performance



#### Price movement



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16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria  
 Tel: Tel: +234 (1) 2702290-4, +234 (0) 708 065 3100 Email [invest@fbnquest.com](mailto:invest@fbnquest.com)  
 An FBN Holdings Company

## FBN Mutual Funds Factsheet

All data as of 28<sup>th</sup> June 2024 unless otherwise stated

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### Outlook

- In July, activities in the global scene will center on developments in the labor market, inflationary trends, and central banks' monetary policy comments. We anticipate both the US Federal Reserve and the Bank of England to closely scrutinize inflation trends and maintain a cautious stance on monetary policy. In the US, the Federal Reserve will closely monitor the labor market, which has shown signs of softening alongside a rise in unemployment benefit claims. Additionally, following a recent uptick in inflation in June, we expect the European Central Bank to revert to a hold stance at its next meeting, reversing its earlier decision to cut rates by 25bps in June.
- Equity: As we enter the second half of 2024, financial markets will be focused on rebalancing activities and the upcoming second-quarter earnings season, which will shed light on the performance of publicly traded companies. We anticipate investors to leverage lower stock prices to mitigate losses across their portfolios. Additionally, buying activities are expected to increase as investors position themselves ahead of interim dividend announcements. Concurrently, we expect to see increased activities within the banking industry owing to the recapitalization exercise. Therefore, we foresee bullish sentiment prevailing on the local bourse in the month of July.
- Fixed Income: In July, the fixed-income market will be shaped by several factors such as the liquidity in the financial system, the monetary policy committee's (MPC) decision on rates, and the DMO'S need to secure additional funds for budgetary requirements. The liquidity in the financial system is expected to remain constrained as we enter the second half of 2024, primarily due to low inflows amidst mopping up exercise by the CBN. This is likely to exert upward pressure on stop rates at auctions. Concurrently, we anticipate a steady supply of debt instruments, driven by ongoing needs for supplementary budget financing. Looking ahead, there is a possibility that the MPC will maintain a hawkish mood in July in a bid to temper inflationary pressures, which have remained elevated ( at c. 40%) without signs of a monthly moderation.
- Eurobonds: We anticipate mixed sentiments among investors in the month of July. The restrictive monetary policy stance of the Federal Reserve regarding interest rates would influence a rotation of funds to the global fixed-income market. Conversely, positive sentiment is anticipated within the Eurobond space, buoyed by encouraging feedback surrounding Ghana's recent debt restructuring agreement. Overall, the interplay between these factors suggests a nuanced landscape for investors in July, characterized by strategic adjustments and responsive market behaviors.

### Terms and Conditions

- Redemption period: 3 - 5 business days.
- No additional charges are applied on redemption. However, units redeemed earlier than the minimum holding period will incur a processing fee of 20% on the income earned on the value of such redemptions.
- The Funds range from 'Low-High' risk profile depending on what security it is invested in. The value of securities may change significantly depending on economic, political, inflationary and interest rate conditions.
- Bid prices and yield to maturity are stated net of fees and expenses with dividends reinvested (where applicable).
- The yield to maturity (YTM) is the rate of return anticipated on the portfolio if the current bonds in the portfolio were held until the end of their lifetime. YTM is an annualised rate and takes into account the current market price, par value, coupon interest rate and time to maturity for each bond in the portfolio. It is also assumes that all coupon payments are reinvested at the same rate as the bond's current yield.
- Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

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