

FBN Mutual Funds Factsheet

All data as of 31st July 2024 unless otherwise stated

PUBLIC

Executive Summary

In a surprising announcement on July 21, 2024, US President Joe Biden declared he would not seek re-election. He endorsed Vice President Kamala Harris as his successor, a decision that is expected to cause political uncertainty and potentially reshape the 2024 US presidential election.

In June, inflation rates decreased in the US, Euro Zone, and China to 3.00% YoY (-30 bps), 2.50% YoY (-10 bps), and 0.20% YoY (-10 bps), respectively due to lower energy costs and improved food supply. The UK's inflation rate for June remained steady at 2.00% YoY, meeting the Bank of England's expectations. Furthermore, the US economy grew by 2.80% YoY (+1.40% YoY) in Q2:2024, due to higher consumer spending and inventory investments. Conversely, China's GDP growth slowed to 4.70% YoY in Q2:2024, (-0.60% YoY) due to a prolonged property downturn and job insecurity.

In Sub-Saharan Africa, inflationary pressures in Ghana and Egypt fell to 22.80% YoY (-30 bps) and 27.50% YoY (-60 bps), respectively, in June due to a sharp fall in energy prices within the region. The International Monetary Fund approved the second review of Ghana's USD3.00 billion loan program, enabling an immediate disbursement of USD360 million, bringing total IMF funding to USD1.56 billion under the three-year bailout program.

On the domestic front, the International Monetary Fund adjusted Nigeria's real GDP growth forecast for 2024 downward from 3.30% to 3.10%, attributing the revision to weaker-than-anticipated economic activity in Q1:2024. Concurrently, the IMF has revised the growth projection for Sub-Saharan Africa from 3.80% to 3.70%, reflecting the broader regional impact of Nigeria's economic deceleration.

In Nigeria, escalating food prices, exchange rate fluctuations, supply chain constraints, and rising logistics costs contributed to a 24bps increase in headline inflation, reaching 34.19% YoY in June. Food inflation rose to 40.87% YoY, up 21bps from 40.66% YoY, while core inflation increased to 27.40% YoY, up 36bps from 27.04% YoY, both showing significant monthly rise.

Furthermore, Nigeria's Monetary Policy Committee raised the Monetary Policy Rate by 50bps to 26.75% to curb rising inflation and uphold economic stability, aligning with the central bank's inflation-targeting mandate. Additionally, the committee adjusted the asymmetric corridor to +500 bps/-100 bps from +100 bps/-300 bps, a move expected to significantly impact the fixed-income market.

In July, the Federal Executive Council approved the NGN27.50trn proposed budget for the 2024 fiscal year, representing a 5.70% increase over the initial draft. Key revisions include an upward adjustment in the oil price estimate to USD77.96pb (from USD73.96pb) and a revised exchange rate of NGN750.00/USD (from NGN700/USD).



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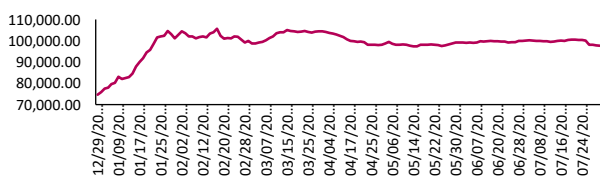
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Executive Summary

Asset Class	Benchmark	1M (July)%	Year to Date (%)	Commentary
Money Market 	91-day T-bill	17.40*	15.03*	During the review period, system liquidity fell to a negative position (NGN N574.40bn) from NGN236.98 in June due to low inflows from the start of the month till mid-month. Additional pressures on liquidity arose from outflows related to Treasury bills and bond auctions, OMO bill auctions, and CRR debits. Consequently, interbank market rates rose to 25.39% (open buyback rate) and 25.83% (overnight lending rate) from 24.17% and 25.00%, respectively. Similarly, the average yield in the secondary market increased to 19.76% for bonds and 25.18% for Treasury bills, compared to 18.75% and 22.07% in June. This yield increase reflects the high inflation environment, the auctions conducted during the month, and the overall low liquidity. At the bond auction, the stop rates for FGNB 2029, FGNB 2031, and FGNB 2033 rose to 19.89% (up 25 bps), 21.00% (up 81 bps), and 21.98% (up 48 bps), respectively. The average stop rates at the Treasury bills auctions also increased: 91-day bills rose by 103 bps to 17.40%, 182-day bills by 101 bps to 18.47%, and 364-day bills by 105 bps to 21.67%.
	181-day T-bill	18.47*	16.04*	
	364-day T-bill	21.67*	19.35*	
Bonds 	S&P/FMDQ Nigeria Sovereign Bond Index	-2.27	-6.08	
	3 Year Federal Government Bond	-0.39	-4.21	
Eurobond 	3 Year Nigerian Sovereign Eurobond	0.13	4.63	In the Sub-Saharan Africa region, mixed data points were released during the review period. On one end, inflationary pressures in Ghana and Egypt decreased to 22.80% YoY and 27.50% YoY, respectively, due to lower energy prices. Meanwhile, the Kenya National Bureau of Statistics reported that the country's GDP grew by 5.00% YoY in Q1 2024, down from 5.50% YoY in Q1 2023, driven by growth in the financial, agriculture, and real estate sectors. Additionally, Moody's downgraded Kenya's sovereign rating further into junk status, from B3 to Caa1, citing the country's reduced ability to implement a fiscal consolidation strategy to manage its debt burden. This, along with the approval of the second review of Ghana's \$3 billion loan program by the International Monetary Fund's executive board, drove mixed sentiments in the market. Domestically, the average yield on the FGN Eurobonds remained unchanged at 10.19% in July, reflecting mixed sentiments. Inflationary pressures, a downgrade in domestic economic growth, and foreign exchange volatility contributed to the market's lackluster performance. Conversely, demand driven by the anticipation of a rate cut in the US was insufficient to support a decline in yield.
	5 Year Nigerian Sovereign Eurobond	1.14	1.70	
Equites 	NGXASI	-2.28	30.76	The local stock market closed July on a bearish note, primarily due to banks implementing their recapitalization strategies and price declines in key Industrial Goods Sector stocks. Significant losses were recorded by stocks such as (NB: -14.41%, DANGSUGAR: -13.60%, GUINNESS: -11.57%, DANGCEM: -9.99%, NESTLE: -9.78%, UBA: -9.37%, ZENITHBANK: -6.76%, HONYFLOUR: -4.17%, ACCESSCORP: -3.68%, and INTBREW: -2.33%). Sector performance was mostly negative, with the Industrial Goods index leading with a 5.58% MoM loss, followed by the Consumer Goods Index (-4.53% MoM), Banking Index (-3.47% MoM), and Insurance Index (-2.57% MoM). The Oil and Gas index was the only positive performer, gaining 5.55% MoM. On the corporate front, the Nigerian Exchange delisted Niger Insurance PLC, Resort Savings, and RAK Unity Petroleum for non-compliance, while NNPC announced SEPLAT's acquisition of EXXONMOBIL's stake in MOBIL, promoting local investment in the oil sector.
	NGX30	-2.59	29.53	

Movement in NGX-ASI Price Index



Movement in System Liquidity (NGNbn)



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*Mean average stop rate at the Nigerian treasury bill auction

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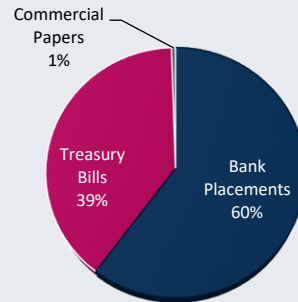
FBN Money Market Fund Overview

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	₦273.35bn
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

Asset Allocation



Asset Class	Allocation Band
BANK PLACEMENTS	10%-75%
TREASURY BILLS	25%-80%
COMMERCIAL PAPERS	0%-15%

Fund Performance and Outlook

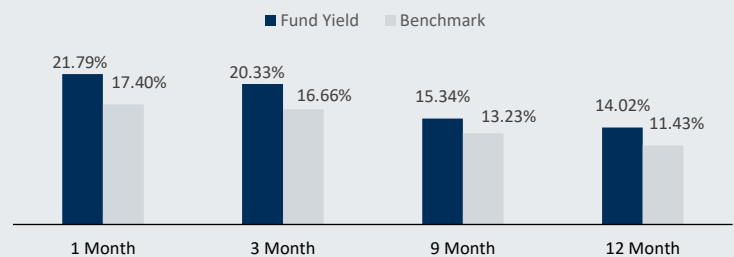
Fund Performance

The FBN Money Market Fund closed the month with a yield of 21.79%, 439bps above the benchmark rate of 17.40% and an average yield of 21.08% for the month of July 2024. 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, and the additional borrowing from the supplementary budget which we opine will keep interest rate elevated in the coming month, the fund manager will continue to cherry-pick across various high-quality money market instruments to maximise the yield of the Fund.

Historical Prices & Performance



Yield movement



FBN Mutual Funds Factsheet

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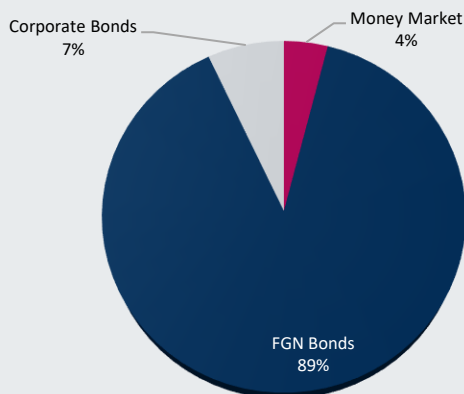
FBN Bond Fund Overview

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	₦35.04bn
Base currency	(₦)
NAV per share	₦1,653.59
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 30% Average 91-day T-bill 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

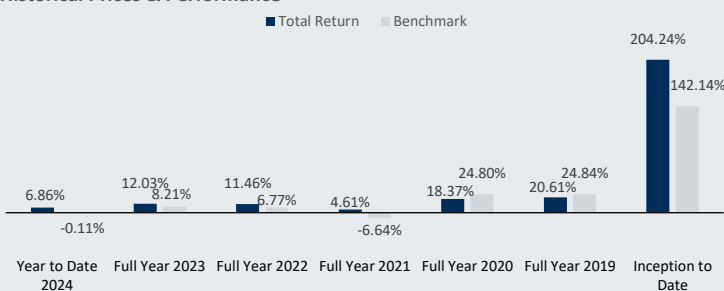
Fund Performance

The FBN Bond Fund closed the month with a Yield to Maturity of 12.73% and an annualised return of 11.70%. 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.

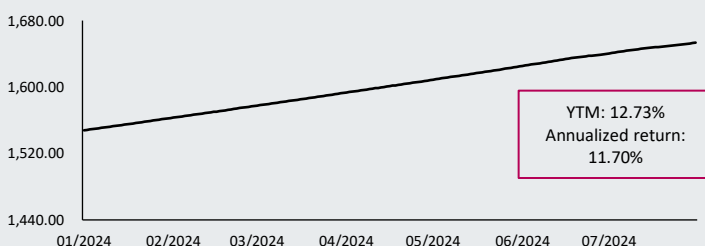
Fund Outlook

The fund manager will continue to monitor the rising interest rate and 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

FBN Mutual Funds Factsheet

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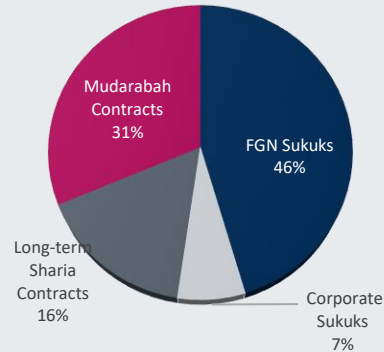
FBN Halal Fund Overview

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 CFA, CAIA.
Fund launch date	4 May 2020
Fund size	₦8.71bn
Base currency	(₦)
NAV per share	₦145.12
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

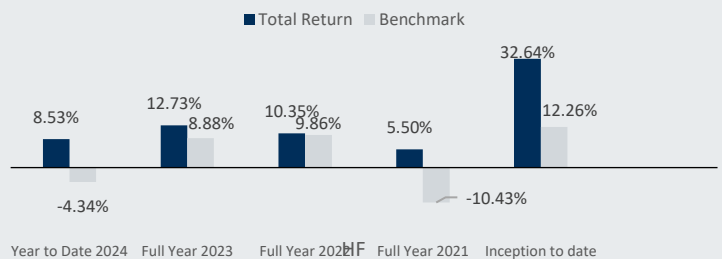
Fund Performance

The FBN Halal Fund closed with a Yield to Maturity of 15.61% and an annualized return of 14.55%. 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.

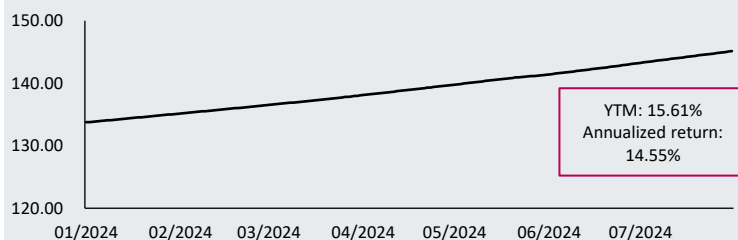
Fund Outlook

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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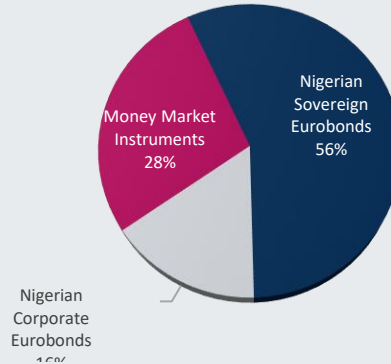
FBN Dollar Fund Overview

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 CFA, CAIA
Fund launch date	4 January 2016
Fund size	\$35.16mn
Base currency	US Dollars (\$)
NAV per share	\$129.50
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 30% Average 1yr US T-bill 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

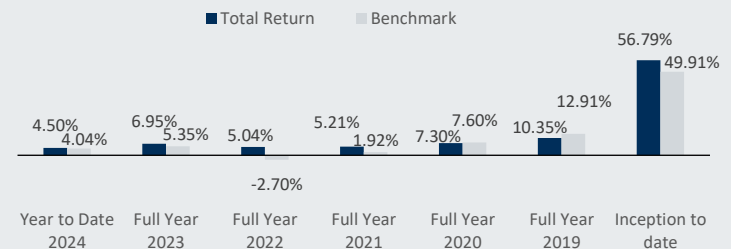
Fund Performance

The FBN Dollar Fund closed the month with a Yield to Maturity of 7.76% and an annualized return of 7.68%. 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.

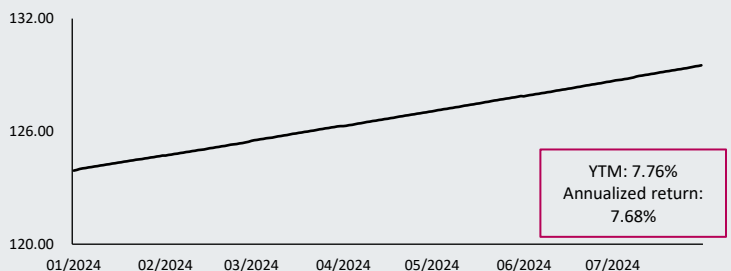
Fund Outlook

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 to unitholders.

Historical Prices & Performance



Price movement



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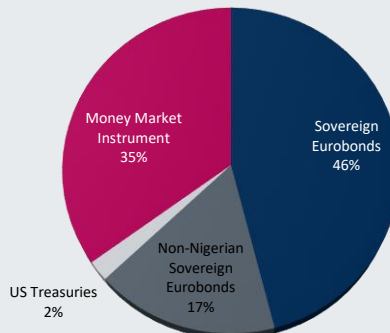
FBN Specialized Dollar Fund Overview

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 CFA, CAIA.
Fund launch date	12 August 2022
Fund size	\$53.63mn
Base currency	US Dollars (\$)
NAV per share	\$118.07
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 30% Average 1yr US T-bill 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

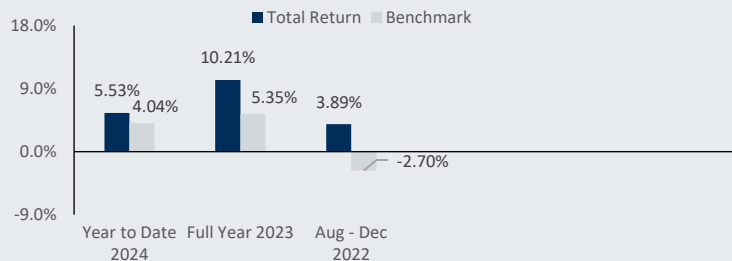
Fund Performance

The FBN Specialized Dollar Fund closed the month with a Yield to Maturity of 8.93% and an annualized return of 9.43%. 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".

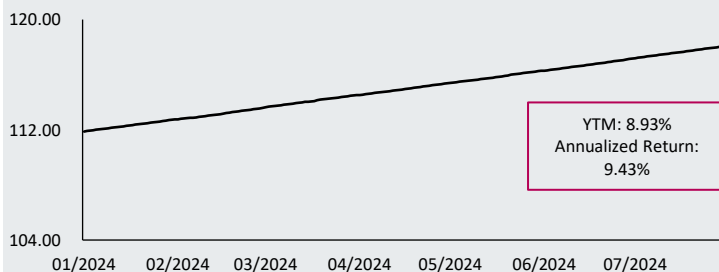
Fund Outlook

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 continue to actively manage the Fund's duration to drive performance for the fund.

Historical Prices & Performance



Price movement



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FBN Balanced Fund Overview

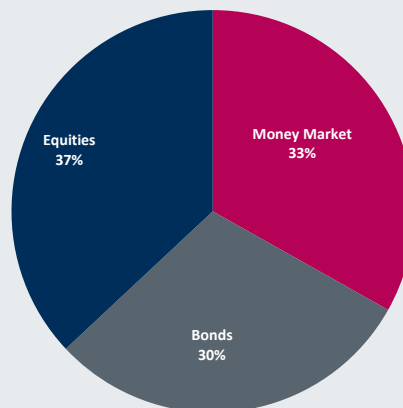
Investment Objective

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 Gbolahan Ologunro, ACCA
Fund launch date	1 April 2008
Fund size	₦8.55bn
Base currency	(₦)
NAV per share	₦313.96
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 40% 5-year FGN bond 20% 90day average T-bill rate
Custodian	Citibank

Top 5 Equity Sector Exposure	
Industrial Goods	25.22%
Financial Services	18.50%
Consumer Goods	16.46%
Agriculture	15.84%
Oil and Gas	12.24%

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 15.82%. The Fund's performance was impacted by negative sentiments on banking tickers following the announcements of right issues by sector players. However, the overall impact on the Fund was partly neutered by the Fund manager's proactive stance in reducing exposure to the sector. In addition, continued gains from the fixed income portfolio further another layer of support during the month.

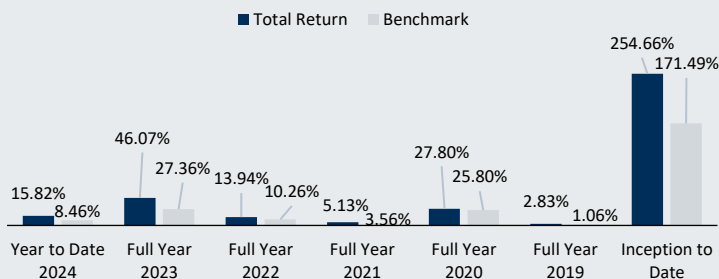
Fund Outlook

The fund manager will continue to leverage on the high yield environment in maximizing 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.

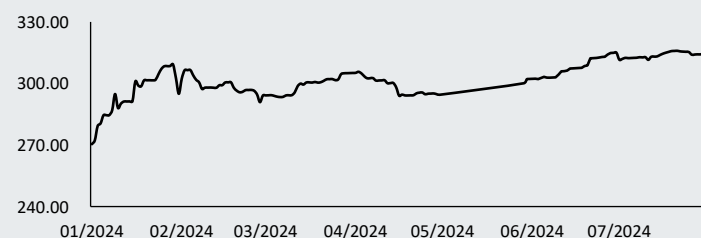
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Historical Prices & Performance



Price movement



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FBN Smart Beta Equity Fund Overview

Investment Objective

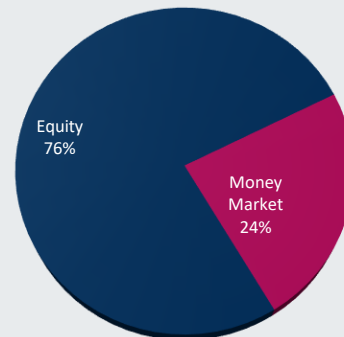
The Fund seeks to provide capital growth by selecting the best twenty (20) out of the forty (40) most capitalized stocks listed on the Nigerian Stock Exchange. The fund is appropriate for investors who want equities with the aim of outperforming the NGX 30.

Fund Facts	
Fund Manager	Laura Fisayo-Kolawole, CFA Gbolahan Ologunro, ACCA
Fund launch date	4 January 2016
Fund size	₦1.03bn
Base currency	(₦)
NAV per share	₦288.64
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

Financial Services	61.21%
Agriculture	16.78%
Industrial Goods	15.41%
Oil and Gas	6.60%

Asset Allocation



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

Fund Performance and Outlook

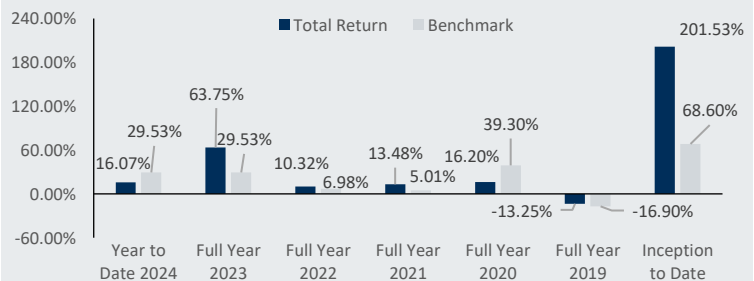
Fund Performance

The FBN Smart Beta Equity Fund closed the month with a year-to-date return of 16.07%. The Fund's performance in the month of July 2024 is reflective of the weakness in banking tickers as valuation multiples moderated on the heels of rights issue announcement. Nonetheless, exposure to defensive tickers whose earnings exhibit low sensitivity to macro headwinds proved supportive in mitigating the impact on the fund's performance. This was further augmented 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 support the overall performance of the fund.

Historical Prices & Performance



Price movement



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Outlook

- In August, investor focus is expected to center on U.S. electioneering activities and the anticipated cut in the key benchmark rate. The political landscape, particularly the upcoming November 2024 U.S. elections, could have substantial implications for global trade, diplomatic relations, and geopolitical stability. A potential Biden-Kamala contest may lead to divergent fiscal policies, affecting inflation, portfolio flows into emerging markets, interest rate decisions, and exchange rates, with significant repercussions for relations with Russia, Ukraine, and China. Meanwhile, improvements in economic data points such as positive economic growth, slowing inflationary pressure, and ease of the labor market in the United States have strengthened investors' confidence that the Federal Reserve will cut the benchmark interest rate at its next policy meeting. We expect this, in addition to the Q2:2024 earnings release, to fuel the performance of the global equity market.
- Equity: In the coming month, we expect that the release of second-quarter earnings reports and the recapitalization efforts by banks will drive the performance of the local equity market. However, we also anticipate the negative impact of the windfall tax, which requires banks to remit 50% of realized foreign exchange gains by December 31, 2024. Additionally, elevated yields in the fixed-income market are likely to prompt a rotation of funds away from equities as investors seek to mitigate inflationary pressures. Overall, we project that the equity market will exhibit a volatile performance throughout the month.
- Fixed Income: In August, fixed-income yields in the secondary market are likely to remain at current levels due to weak liquidity in the financial system, higher inflation rates, and the DMO's need to secure additional funds for budgetary requirements. Liquidity in the financial system is expected to remain constrained, primarily due to low inflows amidst the CBN's mopping-up exercises. Additionally, we anticipate a steady supply of debt instruments driven by ongoing needs for supplementary budget financing.
- Eurobonds: In August, we anticipate that expectations of an interest rate cut in the United States will generate positive sentiment in the Eurobond market. Barring any country-specific factors in Sub-Saharan Africa that might heighten risk aversion, we expect to see robust demand within the Eurobond space.

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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