

What Should I Do With My Money?

November 2020

Diversification has yielded gains to investors this year...

Risk Appetite	NGN Solutions Mix	Total Return (As at 19 th Nov 2020)	Comments
Low/Cautious	70% MMF/20% FIF/10% BF	11.05%	For the cautious investor with limited appetite for equity and the associated volatility
Cautious-Balanced	40% MMF/30% FIF/20% BF/10% SB	15.95%	For the investor willing to gain an increased exposure to equities and bonds
Balanced	25% MMF/25% FIF/25% BF/25% SB	17.38%	The portfolio created is balanced with a healthy allocation to bonds and equities
Balanced-Growth	10% MMF/20% FIF/45% BF/25% SB	20.35%	An increased risk profile with a reduced allocation to stabilisers like the MMF
Aggressive	5% MMF/5% FIF/60% BF/30% SB	20.83%	The high risk investor - building an aggressive portfolio

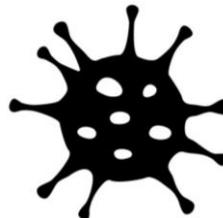
MMF – FBN Money Market Fund

FIF – FBN Fixed Income Fund

BF – FBN Balanced Fund

SB – FBN Smart Beta Equity Fund

2019/2020 has truly been unprecedented, leading to unprecedented changes in local markets...



COVID-19
Novel Coronavirus
nCoV

Loans or Debts
Deposits

Q4 2019; A minimum Loan to Deposit Ratio of 65% for all Deposit Money Banks (DMBs)



Q4 2019 - Restriction on Open Market Operations (OMO) participation. Reduced investment outlets for local individuals and corporates



Others circulars covered charges on POS transactions and bank transactions and the reduction in the amount of cash eligible for accessing the Standing Deposit Facility.



These rules have remained in place much longer than market participants initially anticipated, leading to drastic market moves.



Activity lockdowns were instituted immediately to contain the spread of COVID-19 and protect populations



The Pandemic led to a slow down of economic activity – globally and locally



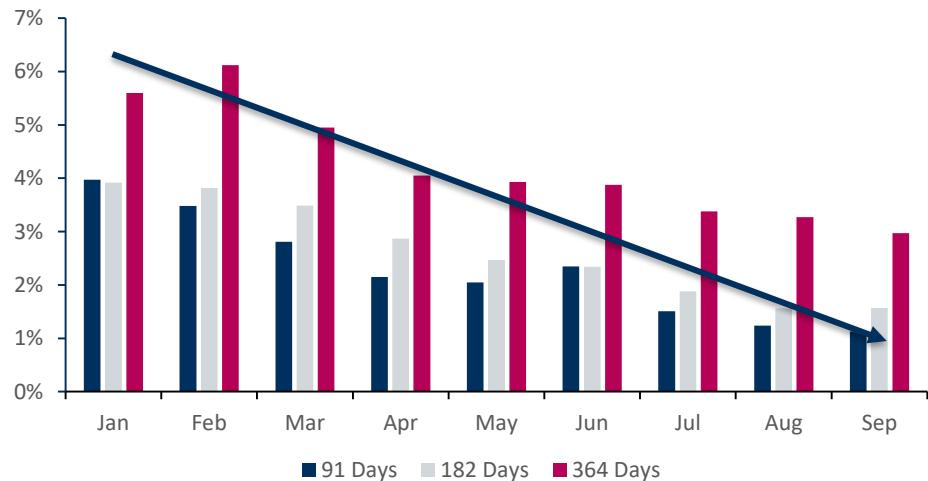
To aid recovery, the Government has proposed a N13Trn expenditure "Budget of Economic Recovery & Resilience"



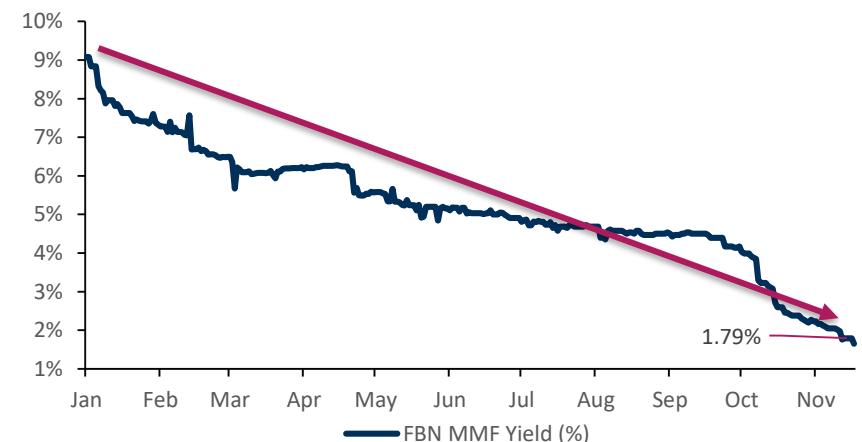
The Pandemic compounded existing supply side pressures, leading to high cost-driven inflation due to structural rigidities. October 2020 inflation printed at 14.23%

Yields in the Money Market space have been declining, driven by buoyant liquidity...

Treasury Bill Rates have declined markedly....



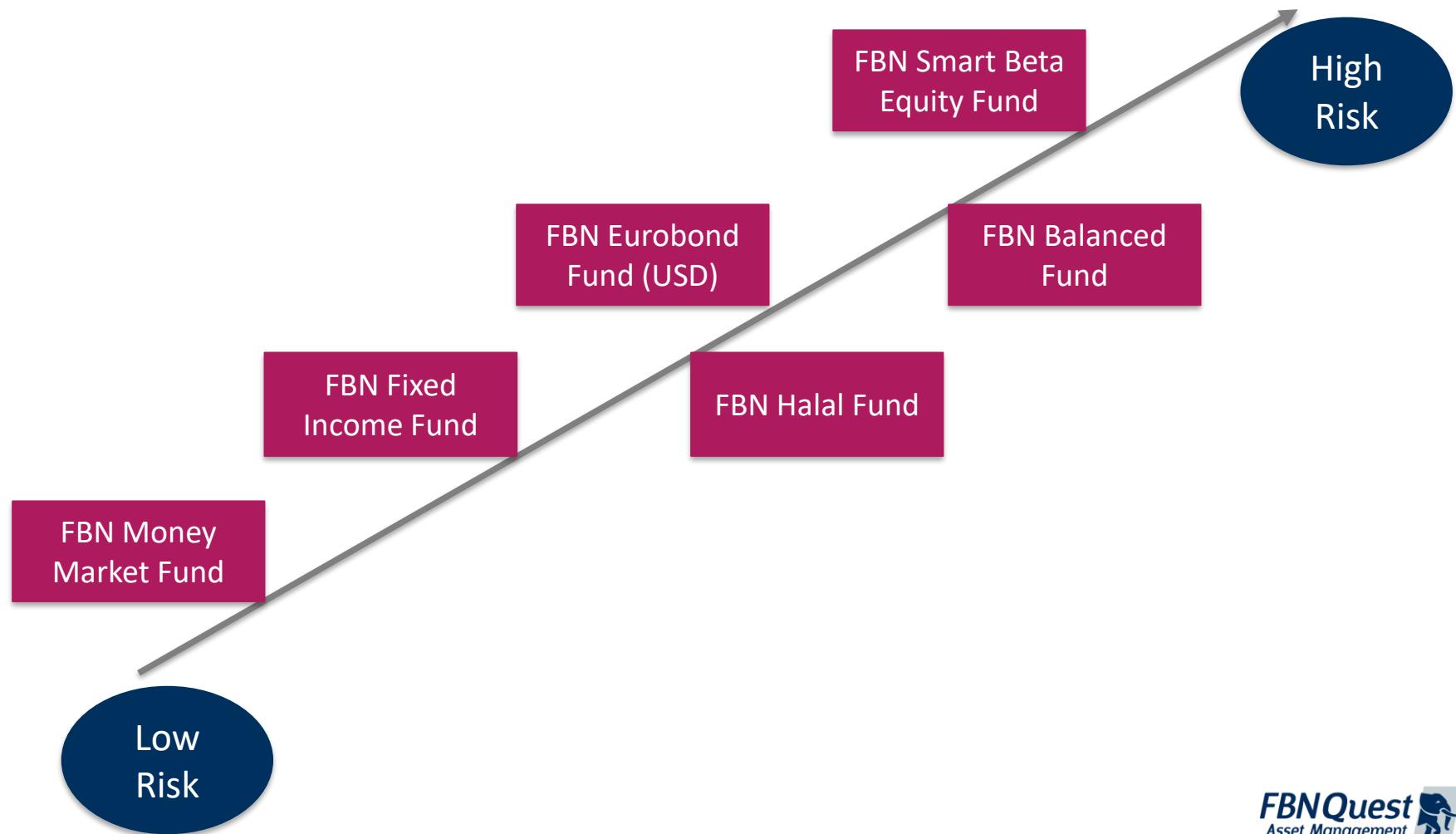
And the yield of the FBN Money Market Fund followed suit



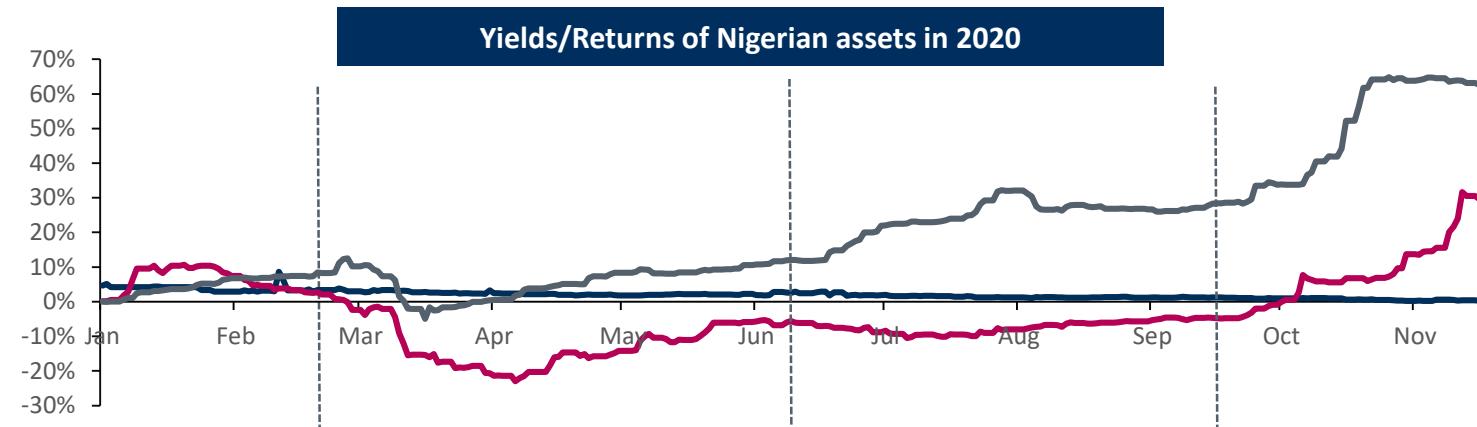
- A combination of elevated system liquidity, limited investment alternatives, and the preference for a low interest rate environment by the monetary authority all contributed to the downward pressure on money market yields.

- The yield of the FBN Money Market Fund has declined to low single digits, in line with the decline of the yield of the 90 day Treasury Bill. Investors have been caught out as the bulk of Nigerian clients are overweight money market.

To ensure clients are well positioned to benefit from all markets, FBNQuest AM has products across the risk curve...



The returns of our NGN solutions followed market trends, allowing clients benefit from a diversified strategy...

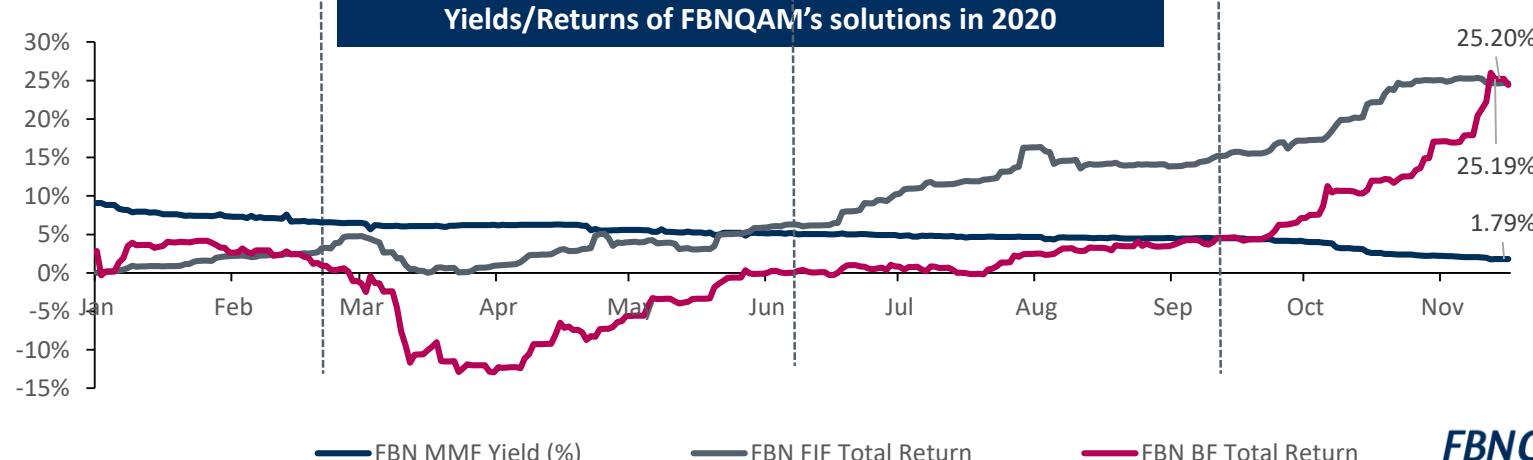


Euphoria in markets saw a strong positive start to 2020. Equities and bonds posted strong gains...

The Pandemic caused market weakness, led by Equities. Locally, low money market yields triggered positive bond returns

Pandemic eased. Lockdown measures relaxed. Equities remained in a lull. Bonds benefited from liquidity rally

Bonds reached heady valuations. Interest shifted to equities. Company results were broadly supportive



...We expect this differentiated return profile to persist; investors need to diversify to earn competitive returns

- Inflation, as at October 2020, printed at 14.23% - meaning that any Naira you have has lost an average of 14.23% just by existing
 - Investors should strive to counter the inflationary effect with returns earned on monies owned.
- With the sustained low yield environment and a rather expansionary monetary policy stance, the stock & bond market will remain attractive for investors seeking high return.
- We recommend allocating a portion of your portfolio, based on your overall risk tolerance, to investment products with exposure to riskier assets
- We also recommend that investors with the appetite for US Dollar (USD) Investments gain access to solutions allowing them invest in USD and earn USD returns

...FBNQuest AM has various solutions enabling clients express diverse views.

- The **FBN Balanced Fund** is uniquely positioned to benefit from current market conditions

40% – 60% of its assets are invested in equities

The rest of the portfolio is invested in fixed income assets

It provides a more palatable investment journey for clients wishing to gain exposure to equities

Objective; Growth & Income
Risk appetite; Medium
Time horizon; Long

- The **FBN Fixed Income Fund** is well positioned to benefit from current market conditions

At least 70% of its assets are invested in bonds

The rest of the portfolio is invested in money market assets

This actively managed Fund provides an opportunity for clients to gain exposure to bonds

Objective; Income
Risk appetite; Low to Medium
Time horizon; Medium to Long

- The **FBN Nigeria Eurobond Fund (USD)** offers access to competitive USD returns

At least 70% of its assets are invested in bonds

The rest of the portfolio is invested in money market assets

The exposure to USD investments offers protection against the Naira volatility

Objective; Income
Risk appetite; Medium
Time horizon; Medium to Long

...FBNQuest AM has various mutual funds enabling clients express diverse views.

Features	<i>FBN Balanced Fund</i>	<i>FBN Fixed Income Fund</i>	<i>FBN Nigeria Eurobond Fund (USD)</i>	<i>FBN Halal Fund</i>
Diversified		✓	✓	✓
Actively managed		✓	✓	✓
For long term investing		✓	✓	✓
Exposure to bonds		✓	✓	✓
Exposure to equities		✓	✗	✗
USD denominated		✗	✗	✗
Shariah compliant		✗	✗	✓
Income generating		✓	✓	✓
Capital growth potential	Capital Growth	✓	✓	✓
Open ended		✓	✓	✓

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Thank you

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