

INVESTING

FBN HERITAGE FUND

All data as at June 30th 2018 unless otherwise stated



Fund Overview

Investment objective

The Fund seeks to maximise returns and provide long term capital appreciation by investing primarily in companies and debt securities listed or issued in Nigeria.

Fund facts

Fund Managers	Laura Fisayo-Kolawole, CFA Kike Mesubi, CFA,
Fund launch date	1 st April 2008
Fund size	₦3.72bn
Base currency	Naira (₦)
NAV per share	₦148.54
Minimum investment	₦50,000.00
Income distributions	Oct '16: ₦4.00; Dec '17: ₦12.00
Total Expense Ratio	1.69%
Annual management fee	1.50%
Risk profile	Medium*

Fund highlights

The Fund is an open ended mutual fund that invests in a diversified portfolio of high quality Nigerian companies, long-term debt instruments of Nigerian federal and state governments and money market securities such as Treasury Bills, Commercial Papers, Bankers Acceptances and Fixed Deposits. The Fund may also invest in Nigerian real estate and real estate securities.

The Fund offers exposure to multiple asset classes and aims to reduce investment risk by diversifying across these asset classes, making it an ideal core holding.

Investor Profile

The Fund is suitable for investors who are seeking long-term capital growth, require minimal income and can tolerate market volatility.

The Fund may be suitable for investors looking for a source of long-term capital growth and income through exposure primarily to equity and debt securities in Nigeria. Investors in this Fund should have at least a three to five year investment horizon.

Benchmark

Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

Source: FBNQuest Asset Management

* The Fund has a 'Medium' risk profile given it invests the majority of its assets in equities and bonds. The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions. Investing in bonds may carry higher risks than other debt securities, but their growth potential is also higher. The value of debt securities may change significantly depending on economic, political, inflationary and interest rate conditions as well as the credit worthiness of the issuer.

^ Bid price is stated net of fees and expenses.

Redemption period: 5 business days.

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.

Monthly Comments

Fund and market review

The Fund's total return gained +1.76% in the month of June, outperforming its benchmark and the NSE ASI which rose +0.39% and +0.50% respectively. The Fund has gained +6.63% year to date, versus +3.78% for its benchmark while the NSE ASI gained +3.60% during the same period.

Weak sentiments persisted in the equities market over the month although, the ASI managed a positive close (+0.46%). This was the second monthly gain for the year after four consecutive months of declines (February-May). This month's performance was boosted by the gain of 1.44% on the last day of the quarter due to trading activities on the back of portfolio rebalancing activities of most Asset managers. The continued negative investor sentiments were fuelled by the exit of foreign portfolio investors due to the hike in yields in US treasuries, emerging market risk-off sentiments and an increase in political risk in Nigeria. These factors led investors to ignore notable positives in the Nigerian economy, including; continued GDP growth, declining inflation, accretion to the foreign reserves and Naira stability.

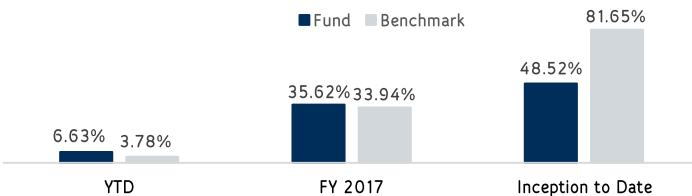
The Fixed Income market was bearish within the month, with yields, especially in the bonds market, rising sharply about 30bps following significant offshore sell-offs on the mid to long end of the curve as there was a sharp drop in bid prices due to risk-off sentiments and weak demands amongst local market players.

Fund and market outlook

We expect mixed performance in the equities space, as volatility continues ahead of the Q2 2018 earnings season and pre-elections jitters. In the Fixed income space, we expect yields to inch higher in the short to medium term anchored on continued weak sentiments. The Fund Manager would maintain cautious exposure to equities and seek for alternative, higher yielding instruments to enhance returns to the Fund.

Performance and Positioning

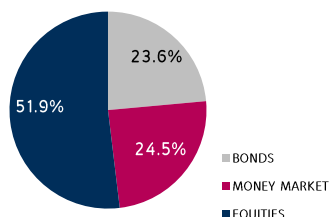
Cumulative Performance



Performance Summary

	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Bid Price (₦)^	149.80	139.29	152.23	152.09	148.63	152.08	145.98	148.54
Distribution (₦)			12.00					

Current allocation



Asset allocation ranges

Bonds	10-25%
Money Market Securities	10-75%
Equities	20-65%