

# INVESTING

## FBN HERITAGE FUND

All data as at April 30th, 2019 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<br>Kike Mesubi, CFA, |
| Fund launch date      | 1 <sup>st</sup> April 2008                      |
| Fund size             | ₦2.82bn   |
| Base currency         | Naira (₦)                                       |
| NAV per share         | ₦144.02   |
| 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 returned -1.2% within the month outperforming its benchmark which returned -2.7%, while NSE ASI was down -6.1% in April 2019.

The equities market continued its downward trend in April as the Nigerian Stock Exchange All Share Index closed in the negative printing at -6.1%. Sentiments was shaped by Q1 2019 results released within the month. Performance for the Banks was mixed, as the banks sought to grow their loan books, lower NPLs & lower Cost to risk ratios. In the Consumer Goods space, results were lacklustre as companies still grappled with rising costs, excise duties and stiff competition. Worthy of mention within the month, was the binding offer which Dangote Flour got from Olam International to acquire all the outstanding shares. The offer is worth N130bn. The market reacted positively to the news as the share price rose by 84.3% within in April. Within the portfolio, The portfolio manager reduced equities weightings to some Consumer, Banking and Industrial names, and re-invested the proceeds in high yielding money market instruments to reduce the Fund's beta.

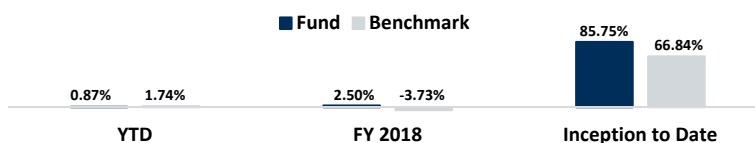
On the macro front, the consumer price index, (CPI) declined 6 basis points to 11.25% year on year in March 2019. This decline was driven by the reduction in food inflation. The Federal Government also issued a maiden 30 year bond along with a 10 year bond. The new issuances caused a sell off on the long end of the curve as investors tried to raise funding. Overall yields on the long end rose by 25bps m/m while yields on the short end declined by 51 bps m/m. Within the Fund, alternative money market instruments were used in the face of falling yields, whilst bond holdings benefitted from falling yields.

#### Fund and market outlook

We expect policy implementation to drive the performance of the market in the mid term, especially with the recent passage of the 2019 budget (₦8.9trn). In the Fixed income space, we expect modestly lower yields anchored on domestic monetary policy direction, moderation in inflation, and a resurgence in foreign inflows. The Fund will be prudently managed to maximise returns.

### Performance and Positioning

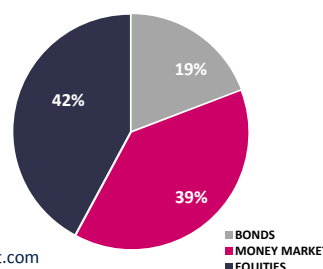
#### Cumulative Performance



#### Performance Summary

|                  | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bid Price (₦)^   | 140.44 | 142.82 | 140.32 | 142.78 | 141.53 | 144.36 | 145.76 | 144.02 |
| Distribution (₦) |        |        |        |        |        |        |        |        |

#### Current allocation



#### Asset allocation ranges

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

FBNQuest Asset Management RC 978831

16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria

Tel: +234 (1) 2798300, + 234 (0) 708 065 3100 Email: invest@fbnquest.com www.fbnquest.com

A part of the FBN Holdings Group