

INVESTING

FBN HERITAGE FUND

All data as at August 31st 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	₦3.53bn
Base currency	Naira (₦)
NAV per share	₦141.36
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 declined 2.93% in August, broadly inline with its benchmark which lost 2.90%, but outperformed the NSEASI which closed at -5.86%. The Fund has gained +1.48% year to date, versus -0.35% for its benchmark and a decline of 8.88% for the NSEASI.

The continued weakness in the equity market over the month of August was driven by company results broadly missing expectations as markets discounted the relatively positive macroeconomic data. Results in the banking space were mixed as GTBank and UBA posted better-than-average results while Access Bank posted results that lagged expectations with a reduction in loans being a common denominator among the banks. On the macroeconomic front, we noted the continued decline in inflation as well as the economic growth data released by the National Bureau of Statistics which pointed to growth of 1.50% year-on-year in Q2 2018. Within the Fund, the Portfolio Manager trimmed some equity holdings, reducing high beta names to protect the value of the Fund, in the face of weakening global and local sentiments.

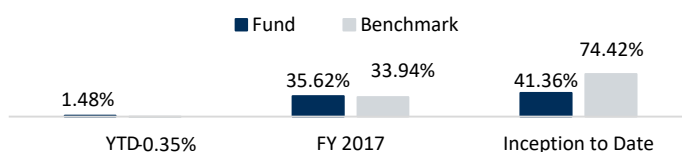
We noted a pick up in interest rates over the month driven by the sell-off within the Nigerian markets as a result of the general sell-off of Emerging Market assets. Additionally, rising yield expectations by the market pushed the government to offer higher rates at the final primary auction of the month, surprising the markets. The duration of the Fund's fixed income portfolio has remained relatively short to take advantage of expected yield spikes.

Fund and market outlook

We expect the volatility within the equity market to continue due to weak sentiments towards Nigerian assets, especially in light of the perceived political risk. The Fund manager will focus on companies with fundamental value. We expect fixed income yields to be driven by the level of liquidity within the system. The Fund will be diligently managed to maximise returns.

Performance and Positioning

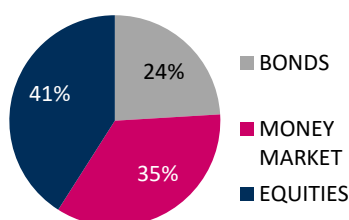
Cumulative Performance



Performance Summary

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Bid Price (₦)^	152.23	152.09	148.63	152.08	145.98	148.54	145.62	141.36
Distribution (₦)	12.00							

Current allocation



Asset allocation ranges

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