

INVESTING

FBN HERITAGE FUND

All data as at January 31st 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 Kike Mesubi, CFA,
Fund launch date	1 st April 2008
Fund size	₦2.78bn
Base currency	Naira (₦)
NAV per share	₦141.53
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 declined 0.87% in January 2019, below its benchmark which returned -0.61% within the period but above the -2.78% for the NSE ASI.

The equities market was bearish within the month as political scuffles in the run up to the elections caused investors to remain on the sidelines. Sentiment towards equities were not helped by weak results from Flours Mills Plc and Guinness Plc, who released their Q3 and H1 2019 results respectively. The results were largely underwhelming with revenues and profits missing estimates. The common denominators which impacted the performance of the two companies included increased competition, price discounting, lower margins, squeezed household wallets amongst others. The Fund, given its relatively high weighting in the financial sector, suffered in the midst of the sell off. The Fund's banking exposure declined, impacting returns. The Fund Manager is taking advantage of the sell off to increase the weighting to quality names.

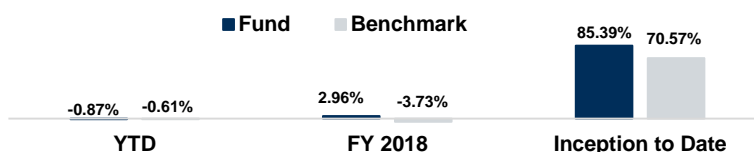
Inflation printed at 11.44% in December 2018, 0.16% higher than the rate recorded in November 2018, driven by higher food and non-alcoholic beverages costs. Despite this, the monetary authorities held all policy rates constant within the month. Yields moderated within the month, as the average treasury bills yield declined by 19 bps to 14.63%. Activities in the bond market took a cue from the T-bills market, as the average yield contracted by 8 bps to 15.01%. The Fund, with its relatively short maturity profile is well positioned to take advantage of rising yields with maturities being rolled into higher yielding instruments.

Fund and market outlook

We expect the lingering volatility in the market to persist with all eyes fixed on the presidential elections and full year companies' earnings results. We expect this volatility to provide a good entry point for long term investors. We expect the sustained pace of OMO intervention to exert upward pressure on yields in the fixed income market. The Fund's duration will be lengthened to take advantage of rising yields.

Performance and Positioning

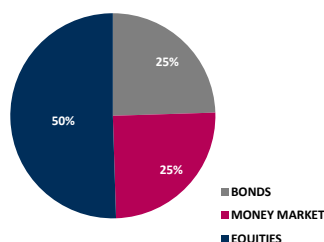
Cumulative Performance



Performance Summary

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
Bid Price (₦)^	148.54	145.62	141.36	140.44	142.82	140.32	142.78	141.53
Distribution (₦)								

Current allocation



Asset allocation ranges

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