

INVESTING

FBN HERITAGE FUND

All data as at July 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	₦3.63bn
Base currency	Naira (₦)
NAV per share	₦145.62
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 depreciated by -1.50% in July, underperforming its benchmark which was down -1.1%, but outperformed the NSEASI which closed at -3.24%. The Fund has gained +4.55% year to date, versus +2.62% for its benchmark.

The Equity market was bearish in July, which was a driver for the weakness in the Fund's performance in the month. Q2 2018 earnings results released so far have been mixed. Companies such as Unilever, Nestle, Seplat and Dangote Cement released impressive results; on the other hand, Nigerian Breweries, Nascon & Lafarge Africa's results trailed expectations. Lafarge's Q2 2018 earnings missed analysts' forecast across all key headline items, making it the fourth consecutive quarter of negative earnings. The company posted pre-tax and post-tax losses of -N3.4bn and -N3.7bn respectively. Lafarge was plagued by spike in net interest expense due to Lafarge's higher leverage. In light of these and our cautious market outlook, the Fund Manger reduced allocation to equity more specifically, in the Financials, Brewers and Oil & Gas sectors and increased money market weighting.

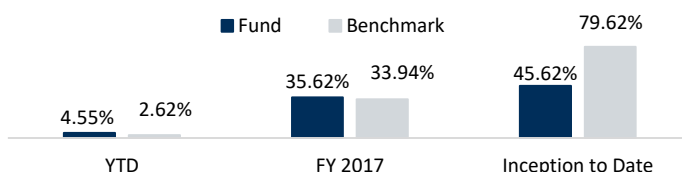
The Monetary Policy Committee of the CBN voted to keep all policy rates constant in July. Inflation printed at 11.23% for the month of June. There was excess liquidity in the Treasury Bills market within the month causing yields to trend lower. As a result, the Fund Manager increased allocation to Bank Placements which offered higher returns versus FGN treasury bills.

Fund and market outlook

We expect the downward trend in the equity market to continue given the level of uncertainty on the back of the impact of political risk. The Fund manager would maintain cautious exposure to equities. We expect Money market interest rates to move in tandem with the level of liquidity in the system. The Fund will be diligently managed to maximise returns.

Performance and Positioning

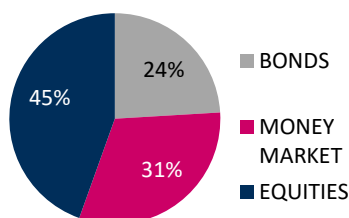
Cumulative Performance



Performance Summary

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Bid Price (₦)^	139.29	152.23	152.09	148.63	152.08	145.98	148.54	145.62
Distribution (₦)	12.00							

Current allocation



Asset allocation ranges

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