

INVESTING

FBN HERITAGE FUND

All data as at March 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	₦2.87bn
Base currency	Naira (₦)
NAV per share	₦145.76
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 gained 1.0% in the month under review, inline with its benchmark which returned 1.0%. The NSE ASI lost 2.14% in March 2019.

Sentiments were weak in the Equities market as the Nigerian Stock Exchange All Share Index closed in the negative printing at -2.14%. GTBank posted strong results as its full year results which showed double digit y/y growth in revenue driven, by a 40.0% increase in non-interest revenues. Fidelity Bank also posted a 30.0% growth in its PAT driven mainly by 10% growth in non-interest revenues with the bank proposing a dividend of 11 kobo. The merger between Access Bank and Diamond Bank became complete following the regulatory and court approvals. In the Consumer Goods space, Nestle released strong results showing a 9.0% y/y revenue growth on the back of increased sales volumes. However, the company continues to grapple with the new excise duty regime and stiff competition. Within the portfolio, the strategy of holding quality names helped shield the portfolio in a bearish market.

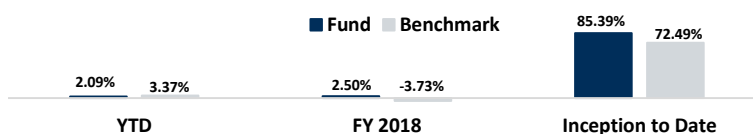
The Monetary Policy Committee (MPC) met in the month of March and reduced the Monetary Policy Rate (MPR) by 50bps to 13.5% while retaining Cash Reserve Ratio (CRR) at 22.5% and liquidity ratio at 30%. The MPC sees the outlook for the GDP growth in the Nigerian economy as being fragile in the near term and as such the MPR increase was done in an attempt to stimulate economic growth. The consumer price index, (CPI) which measures inflation printed at 11.31% y/y in February, lower than the rate recorded in January 2019 (11.37%). In the Fixed income space, the supply of bills on the long end of the curve was greatly limited which led to falling yields on the long end and an inverted market yield curve. Within the Fund, alternative money market instruments were used to augment the yields of the fixed income portfolio.

Fund and market outlook

Looser monetary policy, stable macros & compelling valuations are supportive of a recovery in the Equities space, which will positively affect the equity portfolio. We expect the continuation of the downward trend in yields as the CBN loosens monetary policy to support growth, thus we will focus on alternative money market instruments to augment the Fund's yield.

Performance and Positioning

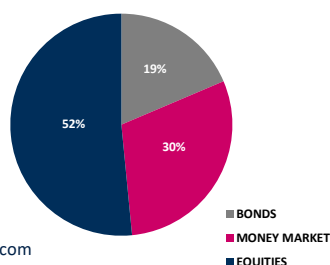
Cumulative Performance



Performance Summary

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Bid Price (₦)^	141.36	140.44	142.82	140.32	142.78	141.53	144.36	145.76
Distribution (₦)								

Current allocation



Asset allocation ranges

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