

INVESTING

FBN HERITAGE FUND

All data as at September 30th 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	₦3.49bn
Base currency	Naira (₦)
NAV per share	₦140.44
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 -0.65% in September, outperforming its benchmark which lost -2.39% and the NSE ASI which closed at -5.97%. The Fund has gained +0.82% year to date, versus -2.42% for its benchmark and a decline of -14.32% for the NSE ASI.

Weak sentiments persisted in September as the NSE ASI declined for the third consecutive month. The weakness was driven by significant sell-offs by foreign investors, disappointing economic data releases (particularly in the GDP data, wherein a contraction in the oil sector led to slower pace of growth) and rising fixed income yields which created a more attractive alternative for investors. Additionally, news of the Central Bank of Nigeria's (CBN) fine on Stanbic IBTC and Diamond Bank (amongst others) for "illegally" repatriating funds on behalf of telecommunications company MTN Nigeria increased the selling pressure. Within the Fund, a cautious positioning was maintained over the month.

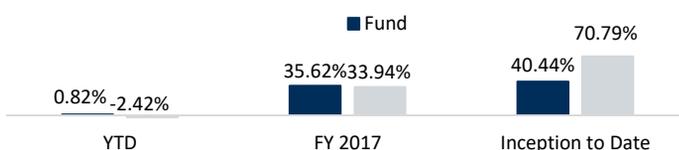
Fixed income yields inched higher over the month as evidenced by the rise in Treasury bill yields, which rose by 121 bps on average to close at 12.23% on the short end. Drivers included the reversal in the inflationary trend and rising OMO auction stop rates. Regarding the former, August's inflation printed at 11.23%, representing the first y/y increase in 18 months, fuelling fears that inflation had bottomed out. Additionally, to entice foreign investors and control system liquidity, the CBN raised the OMO auction stop rates, pushing yields higher. 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 remain conservative in our outlook, as we expect the equities market to remain volatile ahead of the October earnings season. We expect fixed income yields to be driven by the level of liquidity within the system. The Fund will be meticulously managed to maximise returns.

Performance and Positioning

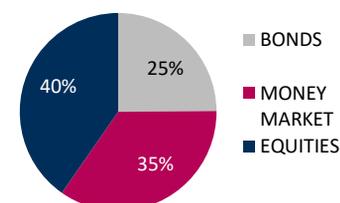
Cumulative Performance



Performance Summary

	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Bid Price (₦)^	152.09	148.63	152.08	145.98	148.54	145.62	141.36	140.44
Distribution (₦)								

Current allocation



Asset allocation ranges

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