

INVESTING

FBN HERITAGE FUND

All data as at 31 August 2017 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	₦3.56bn
Base currency	Naira (₦)
NAV per share	₦140.19
Minimum investment	₦50,000.00
Income distributions	Oct '16: ₦4.00
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: FBN Capital 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 1.60% in the month under review, outperforming its benchmark which gained 0.01% within the period.

Equity markets were bearish in the month of August, with the NSEASI declining 0.95% over the month. This decline halted five consecutive months of gains and the relatively strong Q2 company results, especially from Tier 1 banks, did not influence the market positively. A number of banks reported their Q2 results. Company results for most of the Banks were generally impressive, as funding income and net interest income rose. However, we noted that expensive deposits meant that funding income was relatively weak for Zenith Bank. Negatively, we saw a spike in operating expenses for most of the banks. Additionally, cost of risk rose as banks adopted a conservative approach and increased provisions to accommodate possible losses from the 9 Mobile (Etisalat) loan. Tier 1 banks declared interim dividends which were inline with expectations. The Fund maintained its exposure to the equity market, benefitting from its holdings in quality names across the sectors.

Despite low levels of liquidity in the interbank market in August, the treasury bills secondary market rallied. Demand was fuelled by the Central Bank of Nigeria (CBN) offering shorter tenured maturities at its Open Market Operations (OMO) auctions. Market's interpretation of these OMO offerings led to demand for bills especially on the long end. The portfolio continued to benefit from previously purchased bills held at relatively high rates as well as the rotation to bank placements.

Fund and market outlook

Looking ahead, we expect the equity market rally to slow but remain supported by increasing offshore inflows on the back of positive sentiments and the improving macroeconomic dynamics of the Nigerian economy. Within the treasury bills space, we expect yields to moderate on the mid to long end of the curve as market participants invest excess liquidity

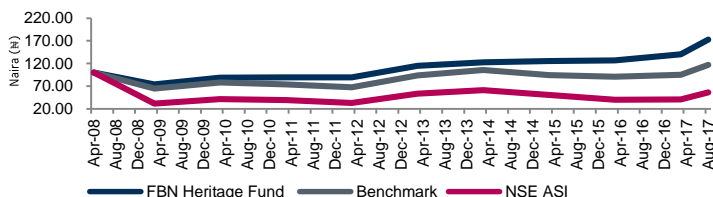
Performance and Positioning

Historic prices and yields

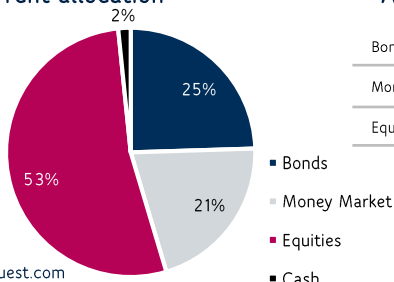
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Bid price (₦)^	110.77	109.35	113.71	115.00	125.34	130.99	137.98	140.19

Cumulative Performance

Relative Performance of the FBN Heritage Fund



Current allocation



Asset allocation ranges

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