

# INVESTING

## FBN HERITAGE FUND

All data as at June 30th 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 <sup>st</sup> April 2008
Fund size	₦3.37bn
Base currency	Naira (₦)
NAV per share	₦130.99
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 returned 4.51% in the period under review. The Fund's return fell short of its benchmark which gained 7.33% and the Nigerian Stock Exchange All Share Index which gained 12.27%.

Equity market performance was driven by renewed investor confidence as optimism about the Nigerian economy built. Rising flexibility in the FX market (due to the introduction of the NAFEX window) gave way to increased foreign participation. Trading activities were very impressive during the month as a result of improved sentiments from both offshore and domestic participants. Additionally, positivity around the implementation of the revised PENCOR rules (which could potentially lead to increased equity investments) lifted domestic participation. In other news, MSCI chose to delay its decision on a potential reclassification of Nigeria from its Frontier Market Index to stand-alone market status (an effective downgrade) until its November 2017 Semi-Annual Index Review. During the month, the Portfolio Manager increased the Fund's allocation to a number of quality tier 1 banks as we believe they are best placed to outperform going forward.

Rates remained high in the fixed income market with the yield curve flat within the T-bills space and inverted on the bonds side. The (CBN) carried out frequent Open Market Operations (OMO) leading to tight system liquidity and as a result, high interest rates. The CBN focused on supporting the Naira by keeping liquidity low, reducing speculation on the currency. The tight control on liquidity meant we saw period of spikes in interbank rates which the Fund took advantage of by increasing our allocation to bank placements.

#### Fund and market outlook

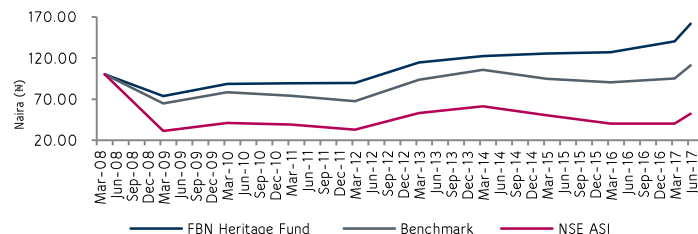
We anticipate a continued recovery in the equity market especially as we look to H1 company results. We will continue to increase our allocation to quality names within the equity market. In the fixed income space, we expect the CBN to continue maintaining tight liquidity conditions in the market, keeping rates elevated.

### Performance and Positioning

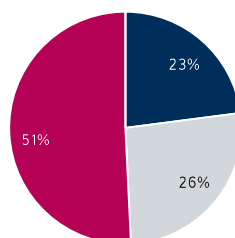
#### Historic prices and yields

	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Bid price (₦)^	108.68	111.58	110.77	109.35	113.71	115.00	125.34	130.99

#### Cumulative Performance



#### Current allocation



#### Asset allocation ranges

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

- Bonds
- Money Market
- Equities