

INVESTING

FBN HERITAGE FUND

All data as at January 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 | ₦3.78bn |
| Base currency | Naira (₦) |
| NAV per share | ₦152.23 |
| Minimum investment | ₦50,000.00 |
| Income distributions | Oct '16: ₦4.00; Dec '17: ₦12.00 |
| Total Expense Ratio | 1.61% |
| 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 9.29% for the month of January slightly underperforming its benchmark which gained 9.93% within the period.

January ended on a positive note as the Nigerian Stock Exchange All Share Index (NSEASI) gained 15.95%. Optimism was fuelled by rising crude oil prices (prices touched a 3 year high of \$70 per barrel), sustained FX liquidity by the Central Bank of Nigeria (CBN) and continued patronage from offshore investors. The earnings season began with Flour Mills of Nigeria & Guinness Nigeria releasing their results. Both posted results which showed y/y growth in key indicators. They recorded margin expansion with sales and profits before and after taxes growing strongly in comparison to corresponding periods of 2017. The Fund Manager exited trading positions within the financials and consumer sectors during the month following the rally in the market, boosting the Fund's performance.

In the fixed income space, yields picked up marginally from December 2017 levels mainly driven by continued OMO issuances by the Central Bank of Nigeria (CBN) providing an anchor for rates. Data releases for the month included the December inflation data which showed a further (marginal) decline in headline inflation, from 15.90% y/y recorded in November 2017 to 15.37% y/y in December 2017. The MPC meeting of the CBN could not hold in the month of January due to a lack of quorum, hence all policy rates were held constant.

Fund and market outlook

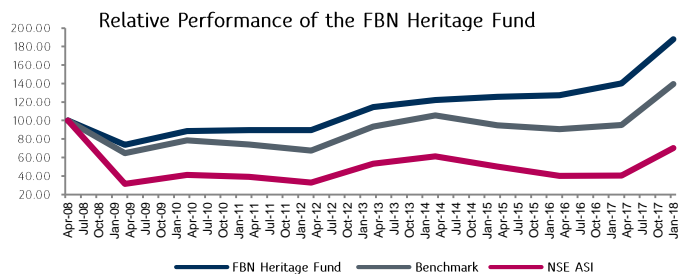
The recovery of the Nigerian economy due to stable oil prices, FX liquidity and other improving macroeconomic dynamics, should support the equity market. We expect inflation to continue to decline due to positive base effects. This in addition to increased system liquidity due to rising government spending (as the 2018 budget is being implemented), should lead to a moderation in rates.

Performance and Positioning

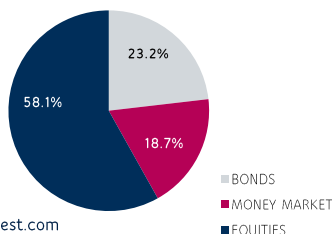
Historic prices and yields

| | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bid Price (₦)^ | 130.99 | 137.98 | 140.19 | 141.50 | 147.03 | 149.80 | 139.29 | 152.23 |
| Distribution (₦) | | | | | | | 12.00 | |

Cumulative Performance



Current allocation



Asset allocation ranges

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