

INVESTING

FBN HERITAGE FUND

All data as at 30 April 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	₦2.95bn
Base currency	Naira (₦)
NAV per share	₦115.00
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 1.14% in April, the return was boosted by the equity allocation of the Fund which gained a weighted return of 1.69%. The Fund outperformed the Nigerian Stock Exchange All Share Index and benchmark which gained 0.98% and 0.90% respectively.

Listed companies released Q1 2017 results during the month and they showed signs of recovery. Within the banking sector, we saw a shift in income drivers for Tier 1 banks. It appears the banks are refocusing their strategy on core banking and moving away from revaluation gains as foreign currency supply improves. Relative to last year, interest income was a major driver of earnings with the exception of Access Bank. We view this as a positive for the sector because it reduces the volatility of income. However, we are cautious of the impact of asset quality because of exposure to the oil & gas and power sector. The positive mood was extended to the consumer sector as well. We saw remarkable revenue growth; Nestle, Nigerian Breweries (NB) and Guinness Nigeria grew revenue by 69.3% y/y, 17.7 y/y and 53.6% y/y respectively. The growth was driven by a combination of price increase and volume growth. Improvement in FX liquidity during the period also boosted margin expansion.

During the month, NB released explanatory notes on its proposed scrip dividend in lieu of cash dividend. The reference price for the scrip dividend is N130.59; a premium of 6.2% to market price at the time of announcement. The Fund Manager viewed it prudent to buy the additional shares from the stock exchange increasing the allocation to NB.

Fund and market outlook

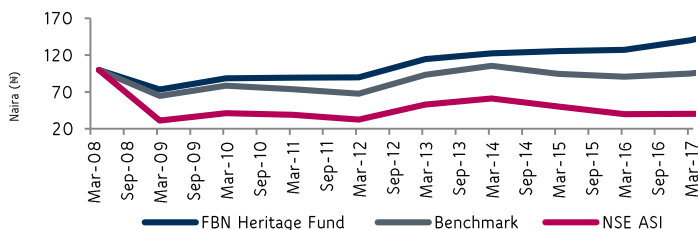
Looking ahead, we anticipate a modest recovery in equities based upon improved FX liquidity and fiscal expansion. We will continue to increase allocation to names which are positioned to weather the storm. In addition, the recently approved PENCOM investment guideline should provide a boost to equities as Pension Fund Administrators increase equity allocation.

Performance and Positioning

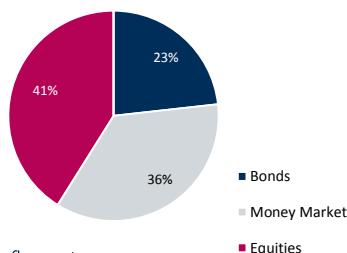
Historic prices and yields

	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Bid price (₦)^	114.90	110.68	108.68	111.58	110.77	109.35	113.71	115.00
Distribution (₦)	4.00							

Cumulative Performance



Current allocation



Asset allocation ranges

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