

FBN Heritage Fund

www.fbncam.com

All data as at 31st August 2014 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	Michael Oyebola, Laura Thorpe
Assistant Fund Managers	Kike Mesubi, Oluyomi Okin
Fund launch date	1 st April 2008
Fund size	₦5.0bn
Base currency	Naira (₦)
NAV per share	₦120.28
Minimum investment	₦50,000.00
Income distributions	Dec '13: ₦ 10.00
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.

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 closed the month of August down 0.2%. In the same time frame, its benchmark lost 0.6% and the equity market declined 1.3%.

In line with our expectations, the equity market was fairly quiet in August. The monthly market turnover was the lowest for the year and despite a rally on the final day of the month, the market closed lower. We note that the decline was driven mainly by weakness in large cap stocks which also impacted the Fund. Within the equity portion, weakness in the cement names weighed on returns. Additionally, within the consumer space, a major blue chip name also dragged down returns. However, we continue to view these stocks as long term holds backed by the fundamental strength in the Nigeria growth story.

Within the money market space, we note that the Central Bank was more active in terms of mopping up liquidity via Open Market Operations. This led to lower system liquidity which put upward pressure on interbank yields. However, somewhat counter-intuitively, Treasury Bill rates remained broadly flat whilst banks offered lower rates on tenored deposits. The Fund dealt with this by lengthening the duration of its Treasury Bills whilst staying away from bank placements. Alternative sources of yield, by way of commercial papers, were also taken advantage of. Additionally, the Fund's exposure to bonds added value over the month.

Market Outlook

Looking into the final stretch of the third quarter, we expect the equity market to continue to struggle. There are no catalysts on the horizon to boost markets and as we move towards the quarter end, we may begin to see pre-election jitters surface. Within the fixed income and money market spaces, we expect liquidity to continue to keep yields low, favouring a mid to long duration stance within the Fund.

Benchmark

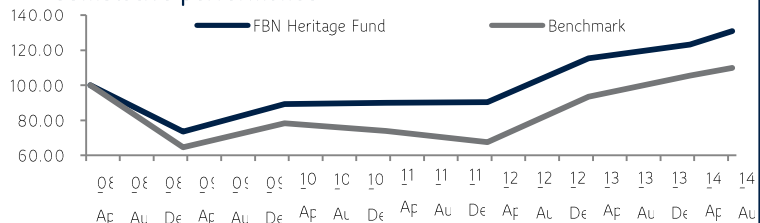
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

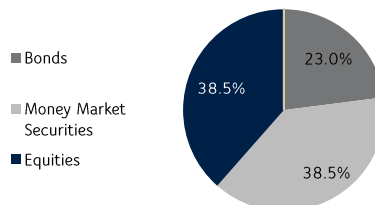
Historic prices

	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Bid price (₦)^	114.33	118.19	119.68	120.53	120.28

Cumulative performance



Current allocation



Asset allocation ranges

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