

## FBN Heritage Fund

www.fbncam.com

All data as at 31<sup>st</sup> August 2015 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 <sup>st</sup> April 2008
Fund size	₦4.4bn
Base currency	Naira (₦)
NAV per share	₦106.26
Minimum investment	₦50,000.00
Income distributions	May '15: ₦11.00
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

Bearish sentiment for risk assets continued in the month of August with the equity index declining 1.64%; that, in addition to a 0.84% decline in bonds prices negatively impacted the Fund and the composite benchmark which fell 0.28% and 0.93% respectively.

August was characterised by aversion to risk assets both globally and locally. China devalued its currency in an attempt to stimulate economic growth and this action caused turmoil in the financial markets. Investors sold off risk assets and the probability of a September rate rise in the US dwindled. Fears around sluggish growth in China, the second largest economy in the world, and supply of an additional 1 million barrels of oil by Iran into an already oversupplied market sparked a sell off in the commodity. Brent oil prices fell 18.23% during the month to US\$42.6 before rebounding to US\$54.15 as at month end.

A combination of the above and lack of fiscal direction negatively impacted the equity market; the equity index broke below the psychological 30,000 level. Within the fixed income space, we saw yields pick up across all maturities due to illiquidity and a sell off by foreign investors. We consequently lengthened the money market portfolio to take advantage of attractive yields.

#### Fund and market outlook

Following the commencement of appointments by the President, we expect improved clarity on fiscal policy which could provide some catalysts to the equity market. Within the fixed income space, we expect the CBN to maintain the restrictive monetary policy. We would position the portfolio to take advantage of higher yields and use the current bearish stance to increase equity exposure, where fundamentals support it.

### Benchmark

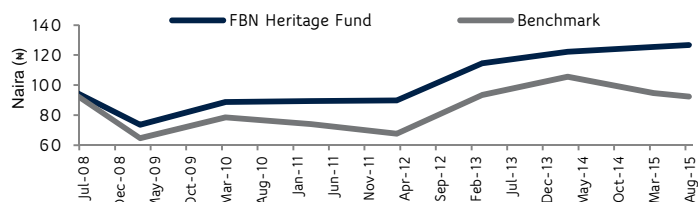
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

### Performance and Positioning

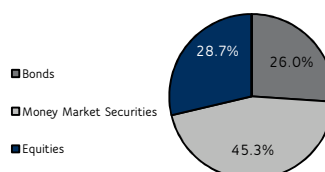
#### Historic prices

	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Bid price (₦)^	115.27	120.13	109.37	108.91	106.58	106.26
Distribution (₦)			11.00			

#### Cumulative performance



#### Current allocation



#### Asset allocation ranges

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