

INVESTING

FBN HERITAGE FUND

All data as at 31 August 2016 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 Thorpe <small>CFA</small> , Kike Mesubi, Oluoyomi Okin
Fund launch date	1 st April 2008
Fund size	₦4.65bn
Base currency	Naira (₦)
NAV per share	₦113.42
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.

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.

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A part of the FBN Holdings Group

Monthly Comments

Fund and market review

The local equity market (Nigerian Stock Exchange All Share Index, NSEASI) continued to decline in August, falling 1.47%, although this was better than the 5.36% fall in July. The apathy from the uninspiring half year 2016 earnings results continued to weigh on sentiments. The Fund declined 0.06%, outperforming its benchmark which fell 0.09%.

Sentiments in the equity market were bearish through the month. We began to hear whispers about foreign interest coming back in selected names but challenges around the US Dollar illiquidity kept positive sentiments at bay. The banking sector was the worst performing sector – weighed down by news from the Central Bank of Nigeria (CBN) around 9 banks being suspended from the FX interbank market. These banks did not remit some US Dollar funds belonging to NNPC to the Treasury Single Account. Key macro data points were released at the end of the month. Despite the decline in Q2 GDP growth (-2.06%) confirming that Nigeria is in a recession and the July inflation data (+17.10%), markets broadly ignored these as they were mostly inline with expectations. Within the Fund, the Fund Manager introduced a downstream oil and gas name expected to benefit following the deregulation of the downstream space. Within the fixed income space, the CBN remained committed to mopping up the excess interbank system liquidity in a bid to reduce speculation on the Naira. The CBN conducted a series of Open Market Operations (OMOs) at attractive rates. The Portfolio Manager took advantage of those opportunities to increase the portfolio return.

Fund and market outlook

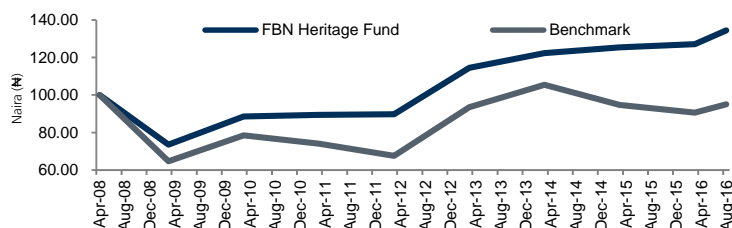
We anticipate a reallocation of funds from the equity market to fixed income given the attractive yields and the weak macros. However, we have begun to note some leading indicators (Purchasing Managers' Index (PMIs)) indicating that the time to be more constructive on equities may be near. We will continue to monitor those indicators. In our view, the prevailing fixed income yields are unsustainable as it crowds out the real sector and slows growth. In the short term, we will lengthen the duration of the portfolio at these attractive rates.

Performance and Positioning

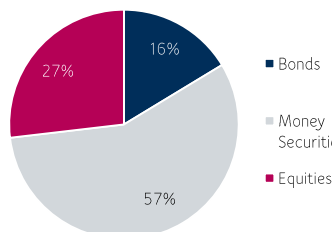
Historic prices and yields

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Bid price (₦)^	105.89	106.06	106.69	107.86	111.44	114.51	113.54	113.42

Cumulative Performance



Current allocation



Asset allocation ranges

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