

FBN Heritage Fund

www.fbncam.com

All data as at 31st December 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	₦4.8bn
Base currency	Naira (₦)
NAV per share	₦115.99
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 equity market weakness abated somewhat in the month of December with equities gaining 0.33%. However, average bond and treasury bill yields rose over the month. The Fund gained 0.25% over the month however, the Fund's composite benchmark declined 0.69%.

Following a very weak year for Nigerian equities (Full year 2014 = -16.1%, Q4 2014 = -15.9%), the index managed to close the month of December higher. However, the final quarter of the year was marred by weak third quarter results and macro economic concerns around the falling oil price and the weakening Naira. The weak trend continued into December although we noted that as 2014 drew to a close, equities rebounded sharply. Within the Fund, some equity positions were trimmed as the Manager re-evaluated the fate of some of the banks in the face of the macro headwinds we see in 2015.

Within the treasury bills and bonds space, yields rose in December following the macro headwinds. In response, the Monetary Policy Committee further tightened the monetary policy environment. Amongst other things, the Monetary Policy Rate was increased to 13% and the midpoint for the FX rate was moved to N168/\$ from N155/\$ (effectively devaluing the Naira by 8.4%). The Fund had maintained short dated positions in anticipation of further tightening and as such, was able to benefit from higher yields.

Market Outlook

Market conditions in 2015 are expected to remain challenging. Within the upcoming quarter, the presidential elections are to take place. Any political tensions, in addition to the ongoing weakness in the oil prices and the Naira would put continued upward pressure on yields. Within the equity market, we expect that the full year 2014 results, to be released in the first quarter of 2015, are unlikely to provide positive support for markets.

Benchmark

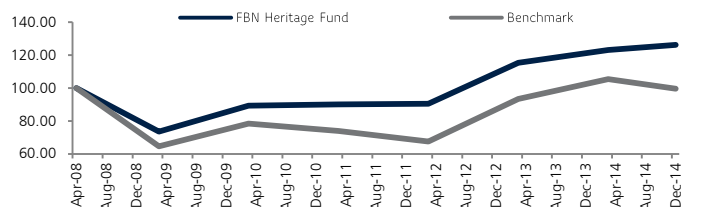
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

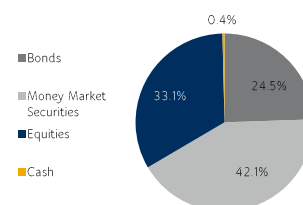
Historic prices

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Bid price (₦)^	120.28	122.34	118.58	115.70	115.99

Cumulative performance



Current allocation



Asset allocation ranges

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