

# INVESTING

## FBN HERITAGE FUND

All data as at 31st December 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	Laura Thorpe <i>CFA</i> , Kike Mesubi, Oluoyomi Okin
Fund launch date	1 <sup>st</sup> April 2008
Fund size	₦4.5bn
Base currency	Naira (₦)
NAV per share	₦109.30
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.

FBN Capital Asset Management RC 978831

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A part of the FBN Holdings Group

### Monthly Comments

#### Fund and market review

The equity market recorded a positive performance in December of 4.6%, however, this was largely due to the strong rally witnessed in the market on the final two days of the month. This helped to cushion the market return for the year to -17.4%, slightly lower than the -16.1% return recorded in 2014. Investors continued to show high aversion to risk during the month, and continued to pile cash into fixed income assets, thereby leading to a further compression in yields and a rise in prices. Consequently, the Fund's price rose by 0.9% in the month, but lower than the 2.4% rise in the value of the benchmark. Despite the surge in the stock market in the final days of the month which has been attributed to period-end portfolio rebalancing activities of Fund Managers towards their strategic asset allocations, investors' apathy remained evident all through the month due to concerns around the impact of weak macroeconomic and company fundamentals on corporate profits. Tighter controls around dollar supply and further depreciation of the Naira in the black market also served to fuel fears about an inevitable devaluation of the currency by the Central Bank. Fixed income yields remained depressed as liquidity remained buoyant - low double digit yields at the long end of the bond curve, and single digit rates on treasury bills. We, however, took advantage of the few Open Market Operations (OMO) bills auctions in the month and alternative money market securities, to support the yield on the Fund's fixed income portfolio.

#### Fund and market outlook

We expect the Nigerian government's plan to increase capital spending in 2016 to bode well for companies in the construction sector; therefore we will be watching the sector very keenly. In the fixed income space, we will focus on quality corporate debt, as we expect government yields to remain low on buoyant liquidity.

#### Benchmark

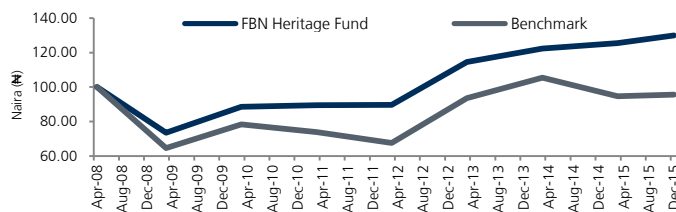
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

#### Performance and Positioning

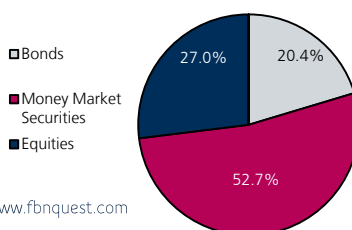
##### Historic prices and yields

	Jun-15	Jul-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15
Bid price (₦)^	108.91	106.58	106.26	108.45	108.41	108.22	109.30
Distribution (₦)	11.00						

##### Cumulative Performance



##### Current allocation



##### Asset allocation ranges

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