

INVESTING

FBN HERITAGE FUND

All data as at 31 December 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 Fisayo-Kolawole, CFA Kike Mesubi, CFA,
Fund launch date	1 st April 2008
Fund size	₦2.87bn
Base currency	Naira (₦)
NAV per share	₦111.58
Minimum investment	₦50,000.00
Income distributions	Oct '16: ₦4.00
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.

Monthly Comments

Fund and market review

The equities market closed green in the month of December as the Nigerian Stock Exchange All-Share Index (NSEASI) appreciated by 6.5% on the back of the year-end portfolio rebalancing activities. On the other hand, the Fund appreciated by 2.7% vs. 3.7% for the benchmark. On a year on year basis, the fund returned 5.7% vs. 0.17% and -6.17% respectively for the benchmark and the NSEASI respectively.

The rally observed in equities in the month of December was spurred by renewed demands in blue chip names such as Guaranty Trust Bank, Nigerian Breweries Plc, Access Bank, Dangote cement and Seplat. The year end rebalancing exercise by portfolio managers led to more trading activities in the month vs. the previous month. The oil and gas index gained 13.2% in the month on the back of the agreement between OPEC and Non-OPEC members to cut oil production. Oil rose to an 18 month high after OPEC and some of its rivals reached their first deal since 2001 to jointly reduce output. A cursory look at 2016 showed general investors' apathy all through the year due to a malfunctioning foreign exchange regime and a challenging macroeconomic environment which negatively impacted most companies' fundamentals and profits. Additionally, elevated yields on fixed income securities continued to attract funds out of the equity market, as the Central Bank of Nigeria continued to tighten liquidity via sale of treasury bills in Open Market Operations (OMO) auctions. Domestic investors dominated trading activity for the first time in 4 years accounting for 55% of turnover versus 45% for foreign investors.

Fund and market outlook

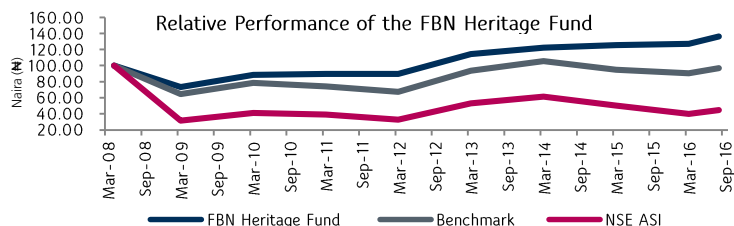
We anticipate the proposed 2017 appropriation bill by the Federal Government will help reflate the economy back to the path of recovery on the back of government's plans to increase capital spending, encourage import substitution and fully liberalize the forex market (free float). The portfolio manager will increase exposure to sectors that will benefit from government policies during the year.

Performance and Positioning

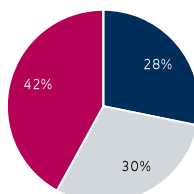
Historic prices and yields

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Bid price (₦)^	111.44	114.51	113.54	113.42	114.90	110.68	108.68	111.58
Distribution (₦)						4.00		

Cumulative Performance



Current allocation



Asset allocation ranges

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