

INVESTING

FBN HERITAGE FUND

All data as at 29 February 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	₦4.35bn
Base currency	Naira (₦)
NAV per share	₦106.06
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.

FBN Capital Asset Management RC 978831

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A part of the FBN Holdings Group

Monthly Comments

Fund and market review

Nigerian equities experienced a bounce in February after a dismal start to the year. The Nigerian Stock Exchange All Share Index (NSEASI) rose by 2.7% in the month, buoyed primarily by value-buying by local investors ahead of 2015 full-year reporting season, which will surely include dividend news. The Fund however rose 0.2% in the same period, lagging the market return and also the benchmark return of 1.5% for the month.

In the absence of foreign portfolio investors in the market, we observed considerable local buying interest in blue-chip stocks especially in the Industrial and Oil & Gas sectors of the market in expectation of attractive dividend payouts for 2015 which may result in higher yields on some stocks relative to fixed income instruments. Also, co-operative efforts among some major oil producers to manage supply helped to stabilize the price of oil during the period and by extension the equities markets which has statistically shown a high degree of correlation to the commodity. The Fund Manager was proactive in positioning the equity portion of the portfolio ahead of the earnings season by increasing exposure to a few quality names in the Banking, Consumer, and Industrial sectors of the market, purchasing them at depressed prices.

Fixed income yields were pressured lower in the month by significant market liquidity in the absence of Open Market Operations (OMO) by the Central Bank to mop-up the excess liquidity. The Fund's allocation to fixed income securities was mostly maintained to short and medium tenor instruments, in expectation of any near term upward reversal in yields.

Fund and market outlook

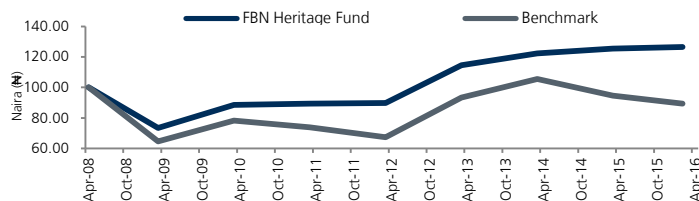
Our outlook is that equity prices may be supported in the near term by local buying interests spurred by 2015 full-year dividend corporate announcements. In the fixed income space, we will continue to favour short to medium tenors in order to take advantage of expected yield rise from higher government borrowing.

Performance and Positioning

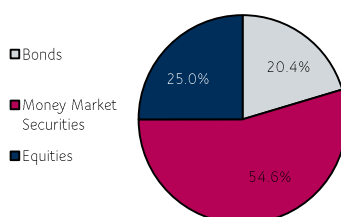
Historic prices and yields

	Jul-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Bid price (₦)^	106.58	106.26	108.45	108.41	108.22	109.30	105.89	106.06
Distribution (₦)	11.00							

Cumulative Performance



Current allocation



Asset allocation ranges

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