

INVESTING

FBN HERITAGE FUND

All data as at 28th February 2017 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	₦2.81bn
Base currency	Naira (₦)
NAV per share	₦109.35
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 Nigerian Stock Exchange All-Share Index closed in the red territory as sentiments remained bearish in the month of February. The Fund declined 1.3% dragged down by the equity allocation. The fund's performance compares with -2.7% and -0.8% for NSEASI and the benchmark respectively.

Bearish sentiments trailed on macroeconomic headwinds, as the National Bureau of Statistics (NBS) released its Consumer Price Index (CPI) report for the month of January. Headline inflation accelerated to 18.7% year-on-year (vs. 18.6% in December 2016). This marks the 14th consecutive month of uptrend in the CPI. On a positive note, the pace of increase continues to slow suggesting waning pressure. GDP numbers for Q4 2016 were also released in the month of February; the pace of contraction slowed to -1.3% vs. -2.2% in Q3 2016. The slower decline may not be unconnected with the improvement in oil production. Overall, the economy contracted by -1.5% in 2016. The Agriculture sector was the fastest growing sector expanding by 4.0%; a confirmation that Governments targeted effort at the sector is yielding positive results. The worst performers were Construction (-6.0%) and Real Estate sector(-9.3%).

Full year 2016 earnings results kicked off in February; Zenith Bank Plc released a strong set of positive numbers driven primarily by non interest income and lower operating cost. However, news that the bank may raise up to N100bn in additional capital overshadowed the results and continued to put its share price under pressure despite its proposed final dividend of N1.77 (Dividend Yield 12.2%). Dangote cement's results were broadly positive showing a strong margin recovery in Q4 helped by improved pricing and cheaper energy sourcing. The company declared a dividend of N8.50 (Dividend Yield 5.0%).

Fund and market outlook

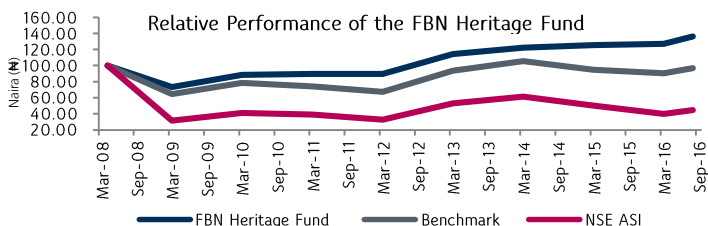
In the coming month, more companies will release their 2016 earnings results; the results are unlikely to provide positive support for the market given the challenges of the past year. The Fund Manager will gradually ease into equities ahead of a recovery in 2017.

Performance and Positioning

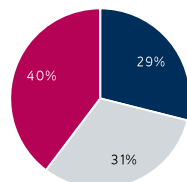
Historic prices and yields

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Bid price (₦)^	113.54	113.42	114.90	110.68	108.68	111.58	110.77	109.35
Distribution (₦)				4.00				

Cumulative Performance



Current allocation



Asset allocation ranges

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

- Bonds
- Money Market Securities
- Equities