

INVESTING

FBN HERITAGE FUND

All data as at 31st January 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	₦4.4bn
Base currency	Naira (₦)
NAV per share	₦105.89
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

18 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria

Tel: +234 (1) 2798300, + 234 (0) 708 065 3100 Email: invest@fbnquest.com www.fbnquest.com

A part of the FBN Holdings Group

Monthly Comments

Fund and market review

The local equity market started the year on a bearish note with the Nigerian Stock Exchange All Share Index (NSE ASI) declining 16.5%. The sell-off was due to a contagion of global financial weakness, continuous decline in oil prices and clamour for devaluation as the spread between the official and the parallel market exchange rates widened. Oil prices slumped to a 2003 low as the market anticipated a rise in supply from Iranian exports following the lifting of sanctions against Tehran. Iran is expected to increase production by 500,000 barrels per day; this will further depress an over supplied market.

The Fund declined 2.8%, which compares favourably with a decline of 7.9% and 16.5% respectively for its benchmark and the NSE ASI. The Fund Manager took advantage of the steep decline in equities to add to a fundamentally strong banking name. We believe the cost efficiency of the bank will enhance profitability despite the challenging operating environment faced by the sector. The Fund's performance was supported by its allocation to fixed income. The fixed income duration was rotated to the short - medium tenor expecting a short term reversal upwards in yields. The Monetary Policy Committee held its first meeting in the month. Whilst we did not expect a devaluation, we had anticipated relaxation of some foreign exchange measures. Although the Committee acknowledged the disparity between the official and parallel market, the foreign exchange stance of the committee remained unchanged.

Fund and market outlook

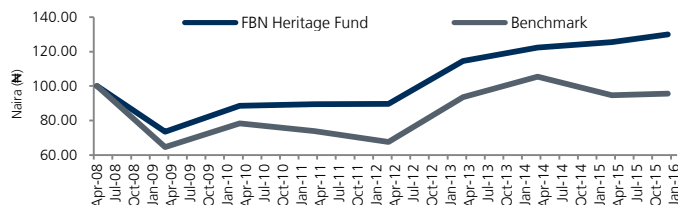
We believe current equity prices present a good entry and we plan to tactically increase allocation to quality stocks and sectors that will benefit from the budget. In the fixed income space, we envisage yield increases as the Federal Government looks to borrow to finance the budget deficit. As a result, we will maintain duration to the short - medium tenors to take advantage of any rise.

Performance and Positioning

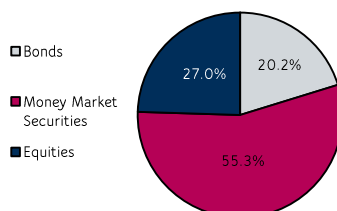
Historic prices and yields

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

Cumulative Performance



Current allocation



Asset allocation ranges

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