

INVESTING

FBN HERITAGE FUND

All data as at 31 January 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	₦2.87bn
Base currency	Naira (₦)
NAV per share	₦110.77
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 year began on a negative note as the Nigerian Stock Exchange All Share Index (NSE ASI) declined by -3.1%. The Fund declined -0.7% for the month of January versus -0.3% for the benchmark.

We saw a reversal in the equities market as investors crystallised profits following last months appreciation. Weak sentiment also returned as investors began to weigh the impact of higher borrowing and production costs and scarcity of foreign exchange ahead of full year 2016 corporate earnings release. This was most significant within the Consumers goods sector; the sector was the worst performing (-7.32% for the month). Weaker than expected results from Guinness, International Breweries and PZ Industries further intensified the decline. On the other side, the Banking sector appreciated by 1.1%. A number of banks released early notification of Board meetings to discuss their full year 2016 results; the notification sparked interest in banking names as some investors signalled it to mean positive results. The Monetary Policy Committee held its first meeting in the month, at the meeting they left all benchmark rates unchanged. Yields in the Treasury Bill secondary market trended downwards across all maturities but were more noticeable at the short - mid end of the curve as the market channeled the excess liquidity in the system into these securities. The persistent rise in inflation rate, coupled with uncertain foreign exchange policies continues to drive limited interest at the long end of the curve. The Central Bank of Nigeria however retained OMO rates during the month's auctions at 18.00% and 18.60% for mid and long tenured bills, respectively.

Fund and market outlook

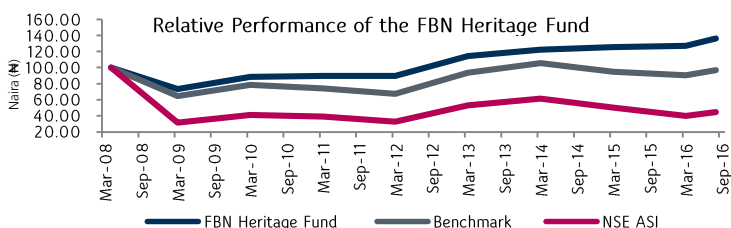
In the short term, expectations are that yields will continue to trend lower provided the market remains liquid and the Central Bank abstains from aggressive issuance of OMO bills. However, it is expected that this trend may reverse in the medium term. Within the equities market, our expectations are that full year 2016 results, to be released in the first quarter of 2017, are unlikely to provide positive support for the market.

Performance and Positioning

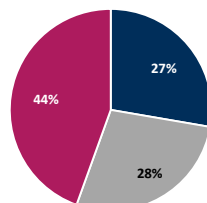
Historic prices and yields

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Bid price (₦)^	114.51	113.54	113.42	114.90	110.68	108.68	111.58	110.77
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