

FBN Heritage Fund

www.fbncam.com

All data as at 30th June 2015 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	Michael Oyebola, Laura Thorpe
Assistant Fund Managers	Kike Mesubi, Oluyomi Okin
Fund launch date	1 st April 2008
Fund size	₦4.5bn
Base currency	Naira (₦)
NAV per share	₦108.91
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.

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

Equities weakened further in June, as the market index declined by 2.5% from the end of May, on the back of increased risk aversion to Naira assets. The Fund was down by 0.4% versus a 1.4% fall in the benchmark over the period. Appetite for equities was considerably dampened in June by the Central Bank of Nigeria's (CBN) announcement of further administrative measures in the foreign exchange market to curb dollar demand. This action was interpreted by the market as a sign that another round of devaluation was imminent. Furthermore, failure of the new administration to give concrete guidance on its economic agenda and policy direction to an eagerly anticipating market added another layer of uncertainty to the market, thus informing local investors preference to hold cash. We however used the opportunity of weaker prices to slightly increase the Fund's exposure to top-tier banking names. Also, we started to gradually exit our building construction holding in the Fund based on our view of the divestment of the foreign minority interest in the company. Money market rates were broadly flat in the month as market liquidity remained quite buoyant due to the quantum of treasury bill maturities in June. However, fixed income yields rose considerably on the back of the increased aversion to Naira assets. To take advantage of the higher rates at the longer end of the money market curve, the duration of the money market portfolio was lengthened.

Fund and market outlook

We expect more demand pressure on the shorter end of the yield curve due to investors' flight to safety from the equities market and duration risk at the longer end of the yield curve. Therefore, we intend to maintain the current strategy within the money market space.

Benchmark

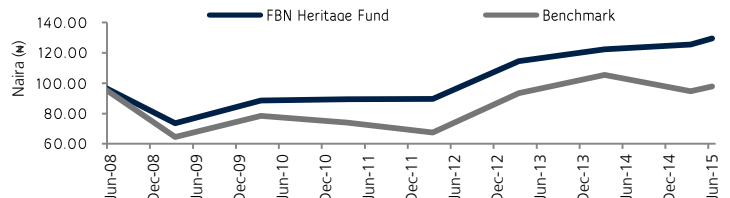
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

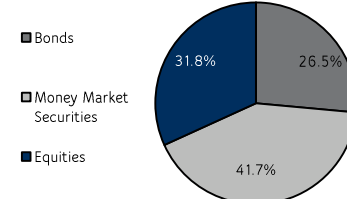
Historic prices

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Bid price (₦)^	111.88	113.55	115.27	120.13	109.37	108.91
Distribution (₦)					11.00	

Cumulative performance



Current allocation



Asset allocation ranges

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