

## FBN Heritage Fund

www.fbncam.com

All data as at 30<sup>th</sup> June 2014 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 <sup>st</sup> April 2008
Fund size	₦5.0bn
Base currency	Naira (₦)
NAV per share	₦119.68
Minimum investment	₦50,000.00
Income distributions	Dec '13: ₦ 10.00
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

The fixed income market continued its bullish trend in the month of June with treasury bills and bond yields compressing on average by 0.04% and 0.76% respectively. On the other hand, the appreciation in the equity market slowed. The Fund rose 1.3% over the month against a benchmark which gained 1.4%.

The equity market was up 2.4% and this was mainly driven by the Oil & Gas Index (+21.0%) due to increased demand in Oando (+60.6%) which obtained government approval for the acquisition of ConocoPhillips' Nigerian assets in June. The Banking Index was the worst performer depreciating by 2.5%. We took advantage of the dip to increase exposure to a Tier 1 name we believe will deliver industry-competitive Return on Equity. We also increased exposure to one of the insurance names on the back of future value we anticipate from the businesses.

Within the treasury bill and bond space, high levels of liquidity continued to chase the same securities causing yields to compress. Faced with lower treasury bill rates we continue to rotate into bank placements where rates are more attractive. Given our expectation that rates will trend lower, we increased our allocation to bonds.

#### Market Outlook

We anticipate a quiet start in the month of July as investors stay on the sidelines in anticipation of the Q2 2014 earnings season. We expect mixed results from the banks as Tier 1 names are expected to weather the continued regulatory headwinds experienced since the second half of 2013, better than lower capitalised names. For the non-financials we expect sales growth will be muted while operating expenses should slow, supporting wider profit margins from Q1 2014. In the money market, we expect elevated inter bank liquidity to continue to depress interest rates lower.

#### Benchmark

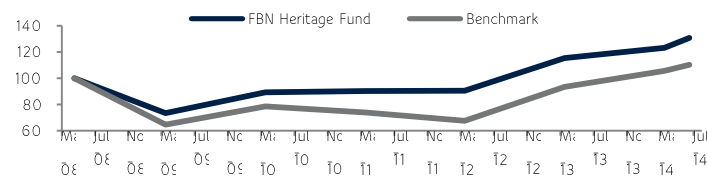
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

### Performance and Positioning

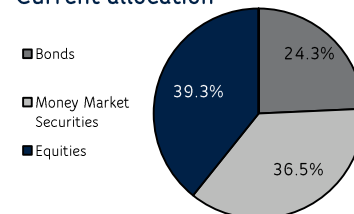
#### Historic prices

	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Bid price (₦)^	113.07	113.19	114.33	118.19	119.68

#### Cumulative performance



#### Current allocation



#### Asset allocation ranges

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