

# INVESTING

## FBN HERITAGE FUND

All data as at 30 June 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, Oluyomi Okin
Fund launch date	1 <sup>st</sup> April 2008
Fund size	₦4.69bn
Base currency	Naira (₦)
NAV per share	₦114.51
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

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A part of the FBN Holdings Group

### Monthly Comments

#### Fund and market review

The equity market rally continued in June with the Nigerian Stock Exchange All-Share Index rising 7.0% over the month, impacted by positive news around the exchange rate. The Fund rose 2.5% during the month, lagging the equity index on the back of the relatively high weighting in Fixed Income instruments.

Sentiments in the equity market were driven by the announcements of the flexible exchange rate regime by the Central Bank. The new regime commenced on the 20<sup>th</sup> of June and the Central Bank effectively devalued the Naira, moving the exchange rate from c. N199/\$1 to c. N280/\$1. This was significant news. Investors had long called for a devaluation and this move brought expectations of an influx in foreign and even domestic monies into the equity market. All the sub indices apart from the Oil and Gas index (which declined 3.6%) gained during the month. The industrials index was the best performer on the back of gains in Dangote Cement, and rose 10.3%. The gains in the market benefitted the portfolio given its positioning in the key sub-sectors including the banking and industrial sub-sectors.

Fixed income yield movements were mixed over the month, largely driven by liquidity levels. Interbank liquidity hovered near N1tr and rates declined before the special FX auction (following the commencement of the new regime) which mopped up about N1.4tr from the system and left the system in debit. As such, interest rates backed up significantly. Given the Fund's short duration in the money market space, the Fund Manager was able to reinvest maturities at higher rates, benefitting the Fund and augmenting current and future returns.

#### Fund and market outlook

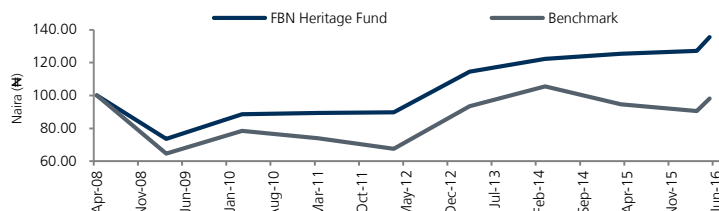
We expect the focus to shift to the upcoming Q2 results season. Company results are expected to be weak although we believe that companies in the Cement space remain best positioned to produce growth. On the Fixed Income side, liquidity levels are likely to remain the driver of rates. The Monetary Policy Meeting to be held in July is not expected to bring any changes in policy as the Committee assesses the results of recent policy changes.

### Performance and Positioning

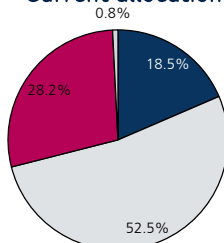
#### Historic prices and yields

	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Bid price (₦)^	108.22	109.30	105.89	106.06	106.69	107.86	111.44	114.51

#### Cumulative Performance



#### Current allocation



#### Asset allocation ranges

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