

INVESTING

FBN HERITAGE FUND

All data as at 31 March 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	₦2.81bn
Base currency	Naira (₦)
NAV per share	₦109.39
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 Nigerian equity market closed green for the month of March as the NSE All Share Index appreciated by 0.74%. The Index was down -5.05% in the first quarter of 2017, however the fund rose 0.04%, lagging the market return and also the benchmark return of 1.32% for the month.

Headline Inflation in February fell to 17.78% (y/y) from 18.72% in January (y/y). This marks the first time in 15months that the headline CPI has declined on a year on year basis. The treasury bills market was extremely bearish with emphasis on the short and mid end of the curve due to continuous intervention of the Central Bank of Nigeria via the issuance of Open Market Operations (OMOs) bills and the intervention in the foreign exchange market via Special Secondary Market Intervention retail sales. Depository banks had to sell off assets in the fixed income space to fund the dollar needs of their customers. Yields on the short end of the curve increased by 429 bps to close at 18.25%. The Monetary Policy Committee members left all key indicators unchanged.

Full year 2016 earnings results failed to spur positive sentiments in the equities space. A few banks posted better than expected results on the backdrop of the naira devaluation. Zenith Bank Plc, Guaranty Trust Bank Plc, UBA Plc and Access Bank Plc released strong sets of positive numbers. However, Zenith bank's Shareholders turned down an earlier resolution by its directors to raise up to N100bn in additional capital at its just concluded Annual General Meeting. Dangote cement's results showed a strong margin recovery in Q4 helped by increase in pricing with declining sales volumes which was offset by cheaper energy sourcing.

Fund and market outlook

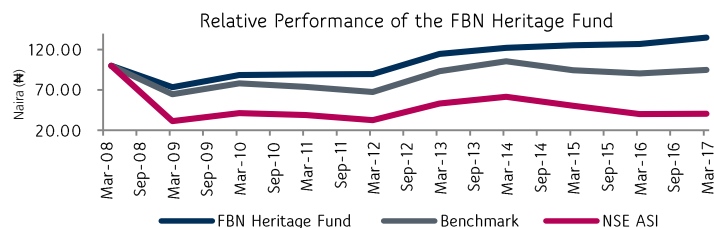
Within the fixed income space, we anticipate yields would react based on liquidity levels in the system. In the equities space, the single most important catalyst would be the quick resolution on the impasse in the foreign exchange market. The Fund Managers will continue to take advantage of market opportunities to boost the performance of the Fund.

Performance and Positioning

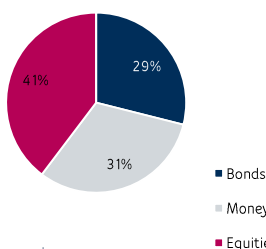
Historic prices and yields

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Bid price (₦) [^]	113.42	114.90	110.68	108.68	111.58	110.77	109.35	109.39
Distribution (₦)			4.00					

Cumulative Performance



Current allocation



Asset allocation ranges

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