

FBN Heritage Fund

www.fbncam.com

All data as at 31st May 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 st April 2008
Fund size	₦4.9bn
Base currency	Naira (₦)
NAV per share	₦118.19
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

May proved to be a bullish month for Nigerian financial markets with Treasury bill and bond yields compressing and the equity market rebounding spectacularly to record its strongest monthly rise since the year began. The Fund rose 4.1% over the month against a benchmark which gained 4.0%.

The equity market staged a strong rally towards the end of the month, rising 6.0% from the 22nd of May to the end of the month (7.8% for the whole month). This was on the back of news that Forte Oil and ETI would be added to the MSCI Frontier Market Index. Also, following the rebalancing at the end of May, Nigeria has become the second largest country in the index. Offshore monies took note and significant capital inflows chased blue chips. This benefitted the Fund as we have significant positions in these names.

Within the Treasury bill and bond space, high levels of liquidity continued to chase the same securities causing yields to compress. The Central Bank of Nigeria (CBN) was not as aggressive in mopping up said liquidity given the stable FX rate. Within the Fund, faced with lower Treasury bill rates, we rotated maturities into bank placements where rates were more attractive.

Market Outlook

Under the new CBN governor, we continue to expect the stability of the exchange rate to remain paramount. Therefore, high liquidity and lower market rates would be tolerated unless it threatens the exchange rate. As such, our strategy within that space remains unchanged. Following the strong rally in the equity market, we forecast some profit taking in the near term, and will use dips to continue to build long term positions in the Fund.

Benchmark

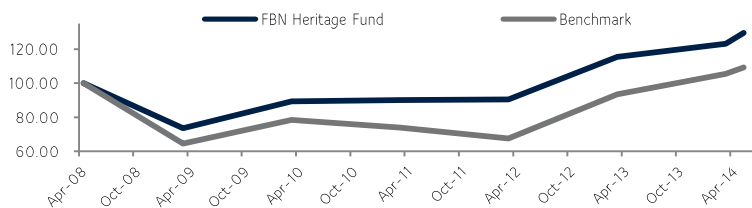
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

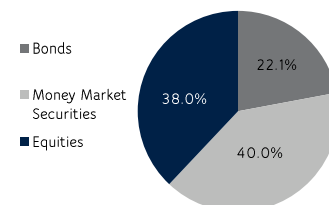
Historic prices

	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Bid price (₦)^	113.65	113.07	113.19	114.33	118.19

Cumulative performance



Current allocation



Asset allocation ranges

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