

FBN Heritage Fund

www.fbncam.com

All data as at 30th November 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	₦4.8bn	
Base currency	Naira (₦)	
NAV per share	₦115.70	
Minimum investment	₦50,000.00	
Income distributions	Dec	₦ 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 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

Equity market weakness continued in November with the All Share Index losing 8.0% over the month. In that time, the Fund price declined 2.3% and its composite benchmark fell 4.0%. The relatively defensive performance of the Fund was driven by its equity market underweight.

The equity market was weighed by weakening macro fundamentals including falling oil prices, the weakening Naira and Nigeria falling foreign exchange reserves. The Central Bank officially devalued the Naira over the month, providing some respite for markets although this was short lived.. Additionally, the Industrial sector reacted to news of cement price cuts by Dangote Cement. This gave way to fears of weakening margins and profitability sector wide. On the back of this, prices declined leaving the sector as the worst performing in the month, and the biggest drag on the All Share Index.

Yields rose in the treasury bill and bond markets over the month on the back of the weakening macro story. The Central Bank introduced a number of measures at the last Monetary Policy Committee meeting including hiking the private sector Cash Reserve Requirement, devaluing the Naira and raising the Monetary Policy Rate. The Fund had maintained a short duration positioning to take advantage of our belief that yields would rise. The Fund was therefore able to improve the yields within the fixed income and money market space.

Market Outlook

Looking ahead, we expect the volatility and negative sentiments to persist provided oil prices remain under pressure. Risk assets are expected to remain weak as we move towards the year end. The weakness in oil prices, driven by an oversupply of oil given rising production from the United States, looks sustainable. With that, and the lack of catalysts to support equities and bonds, we expect the money market portion to cushion the portfolio value.

Benchmark

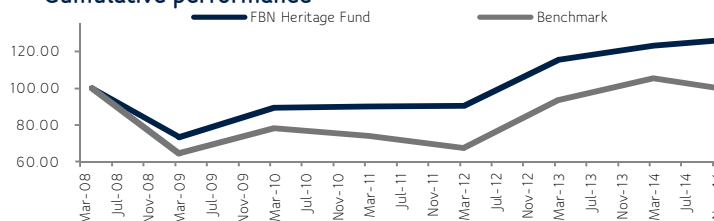
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

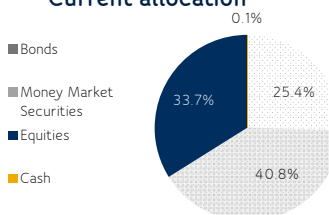
Historic prices

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Bid price (₦)^	120.53	120.28	122.34	118.58	115.70

Cumulative performance



Current allocation



Asset allocation ranges

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