

# INVESTING

## FBN HERITAGE FUND

All data as at 30th November 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 Fisayo-Kolawole, CFA Kike Mesubi, CFA,
Fund launch date	1 <sup>st</sup> April 2008
Fund size	₦3.78bn
Base currency	Naira (₦)
NAV per share	₦108.68
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.

FBN Capital Asset Management RC 978831

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A part of the FBN Holdings Group

### Monthly Comments

#### Fund and market review

The bearish sentiment in the Nigerian Stock Exchange All Share Index (NSEASI) continued further in the month. The Fund outperformed the NSEASI and the benchmark by 5.6% and 1.8% respectively to close at -1.8% vs a decline of -7.4% for the NSEASI and 3.6% for the benchmark.

The equities market declined by 7.4% in the month extending year to date loss to -11.87%. This was on the back of lacklustre 9months 2016 results released by some listed companies and sell-offs witnessed in most blue chip names by local and foreign investors. Market turnover was low during the month falling below ₦1.0bn on some days. Investors remained on the side-line because of the macro economic challenges and illiquidity of the foreign exchange. Two major economic data released during the month doused hope of a recovery. Inflation continued to march higher reaching 18.3% y/y in October from 17.9% y/y the previous month. The economy declined by 2.2% in Q3 2016 for the third consecutive quarter tapering optimism about a bottoming out of a decline. The contraction is attributable to the oil sector which declined by 22.0% driven by the decline in Nigeria's oil production. The manufacturing and trading sector also contracted due to scarcity of foreign exchange and high borrowing cost. The non-oil sector bounced backed from the decline witnessed in earlier quarters, supported by the agricultural sector. Within the fixed income space, we witnessed a flat yield curve along the mid and long end of the treasury bill curve deterring investment on the long end, rather we took advantage of sell-offs on the short end of the curve to boost returns.

#### Fund and market outlook

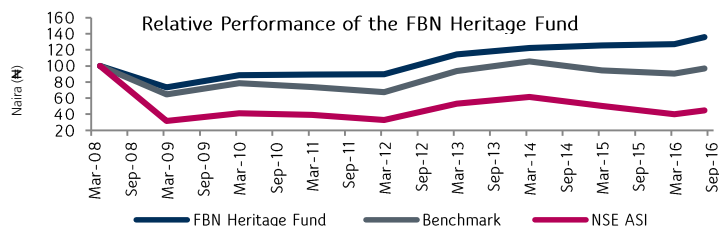
At the November Monetary Policy Committee meeting, the CBN governor reiterated the limitation of monetary policies in stimulating the economy as previous attempt to encourage lending failed when interest rate was low; that suggests interest rate will remain at current levels in the short term. We expect the US\$1bn Nigeria Eurobond to be issued in January to provide support for the equity market. The Fund Manager will take advantage of dips in quality name to increase equity allocation.

### Performance and Positioning

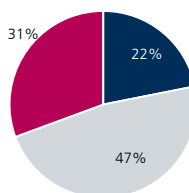
#### Historic prices and yields

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
Bid price (₦)^	107.86	111.44	114.51	113.54	113.42	114.90	110.68	108.68
Distribution (₦)							4.00	

#### Cumulative Performance



#### Current allocation



#### Asset allocation ranges

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

- Bonds
- Money Market Securities
- Equities