

FBN Heritage Fund

www.fbncam.com

All data as at 30th September 2015 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, Kike Mesubi, Oluyomi Okin
Fund launch date	1 st April 2008
Fund size	₦4.5bn
Base currency	Naira (₦)
NAV per share	₦108.45
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.

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

Investor risk aversion in the Nigerian financial markets reduced in September despite continued weakness in macroeconomic fundamentals. Equities were up 5.16% over the month, while bond prices also rose 2.95%. On the back of this, the Fund returned 1.87% in September, lower than the 3.27% return on the composite benchmark for the month. The underperformance is explained by the Fund's underweight allocation to equities relative to the benchmark.

The decision of the Central Bank to reduce banks' Cash Reserve Ratio (CRR) in September following the full implementation of the Treasury Single Account (TSA) policy for government departments in the same month, helped to douse concerns around banks' liquidity and profitability, thereby leading to renewed interest in the sector by investors. Also, the announcement of a potential tender offer for Guinness Nigeria shares by parent company, Diageo, helped to whip-up sentiments in the stock and the broader consumer goods sector, as the transaction signalled enterprise confidence in the sector. These events helped to drive the equities market higher in September. Within the fixed income market, the impact of the announcement of the removal of Nigerian government bonds from a JPMorgan Bond Index was largely muted as copious liquidity pressured yields lower.

Fund and market outlook

We do not anticipate positive surprises as third quarter results are released in October, hence why we forecast the performance of equities may be slightly negatively impacted. In the fixed income space, we will look to increase exposure to higher-yielding and quality short-term corporate debt and deposits, given our view for yields to remain low as buoyant liquidity persists.

Benchmark

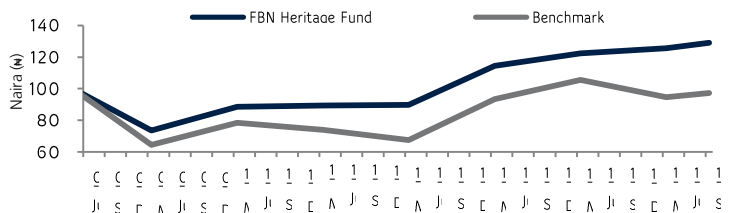
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

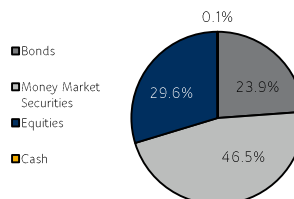
Historic prices

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sept-15
Bid price (₦)^	120.13	109.37	108.91	106.58	106.26	108.45
Distribution (₦)		11.00				

Cumulative performance



Current allocation



Asset allocation ranges

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