

INVESTING

FBN HERITAGE FUND

All data as at March 31st 2018 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	₦3.72bn
Base currency	Naira (₦)
NAV per share	₦148.67
Minimum investment	₦50,000.00
Income distributions	Oct '16: ₦4.00; Dec '17: ₦12.00
Total Expense Ratio	1.69%
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: FBNQuest 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 witnessed a sell off; the sell off was as a result of a market correction and concerns that companies may be unable to post similarly strong numbers in 2018. Overall, the market declined 4.21%. This impacted the performance of the fund and the benchmark which declined -2.25% and -2.90% respectively.

Most listed companies released their full year 2017 results, few banks posted better than expected results on the back of high returns on government debt instruments in 2017. UBA posted strong results, as its full year results showed double-digit y/y growth for both revenue and PBT; the bank proposed a final dividend of 65 kobo giving an implied yield of 5.6%. Zenith Bank posted a strong set of numbers for the full year 2017 driven by a 119.2% y/y growth in non-interest income as a result of 928% and 242% increases in treasury bills and derivative trading income respectively. Zenith declared a final dividend of 245kobo (implied yield of 7.9%). Guaranty Trust Bank's results showed net interest income growth of 26.2% y/y and declared a final dividend of 240kobo per share giving an implied yield of 5.2%. Guaranty Trust Bank's shares sold off marginally as the market expected higher dividends than was declared. The Fund's diversified equity portfolio with its exposure to financials benefitted from the positive results released.

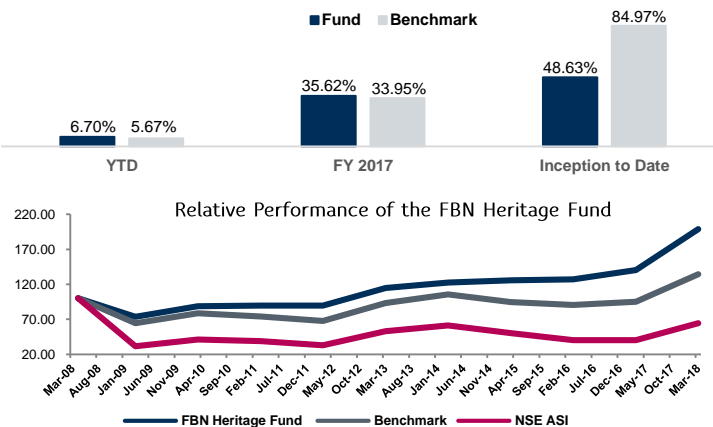
Headline inflation slowed to 14.3% in February 2018 y/y. The low interest rate environment was sustained and the Fund Manager invested in alternative, higher yielding, instruments to boost the yield on the Fund.

Fund and market outlook

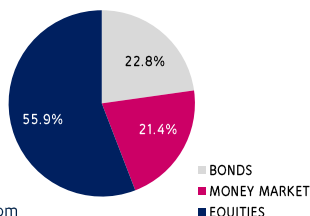
Looking ahead, we expect the release of Q1 2018 results to dictate the pace of the market going forward. The Fund Manager is optimistic about equity performance following the positive macro economic data released and will use the pull back in equities to increase the Fund's equity allocation.

Performance and Positioning

Cumulative Performance



Current allocation



Asset allocation ranges

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