

INVESTING

FBN HERITAGE FUND

All data as at October 31st 2017 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	₦3.65bn
Base currency	Naira (₦)
NAV per share	₦147.03
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.

Monthly Comments

Fund and market review

The Fund gained 3.91% in the month under review, outperforming its benchmark which gained 3.10% within the period.

The equity market bounced back in October gaining +3.49% during the month and 36.49% year-to-date after a decline in two consecutive months. Although market sentiments were mixed, the gain was mainly driven by Q3 results released by listed companies. As at month end, about 30 companies had released Q3 results with some companies reporting numbers that were either in line with or above estimates. Large market cap names such as Dangote Cement and tier 1 banks posted results which were received positively. Notably, in the Consumer Goods sector, Flour Mills of Nigeria reported exceptional numbers for the quarter, driven by a combination of volume increases, enhanced operational effectiveness and increases in product prices. Also, Nestle and Seplat closed at an all-time and three-year high respectively on the last day of trading for the month due to lingering positive sentiments from results. The Fund benefited from its exposure to a diversified portfolio of high quality equities.

There were large sell offs in the fixed income market as the sustained illiquidity in the interbank led to a bearish trend on the short end of the curve. Most activity was on the November, December 2017 and January 2018 treasury bills where rates moved over 100bps month on month to close at 19.50%, 19.00% and 17.25% from 18.50%, 18.45% and 17.00% respectively. The Central Bank conducted series of Open Market Operations (OMO) to mop up liquidity with a total of N730bn offered and N567bn sold out of N570bn subscriptions. The Fund continued to benefit from previously purchased bills held at relatively high rates as well as the rotation to bank placements.

Fund and market outlook

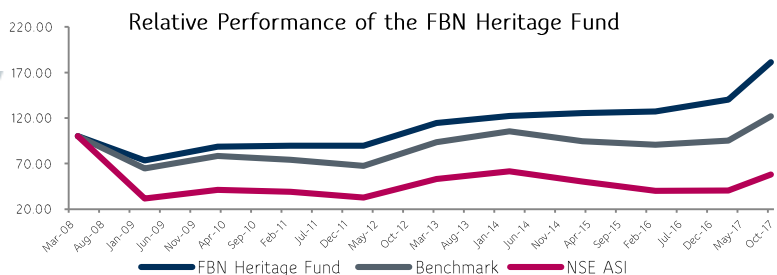
We expect the equities market to continue to find support on improving macro-economic dynamics, sustained FX liquidity by the Central Bank and stable global oil prices. Yields in the Treasury Bills market are expected to remain at or below current levels in the mid and long end of the curve, with bullish tendencies causing downward pressure on yields, provided there is no significant depreciation in the Naira.

Performance and Positioning

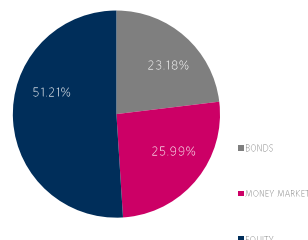
Historic prices and yields

	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Bid price (₦)^	113.71	115.00	125.34	130.99	137.98	140.19	141.50	147.03

Cumulative Performance



Current allocation



Asset allocation ranges

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