

FBN Heritage Fund

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All data as at 28th February 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	Michael Oyebola, Laura Thorpe
Assistant Fund Managers	Kike Mesubi, Oluyomi Okin
Fund launch date	1 st April 2008
Fund size	₦4.7bn
Base currency	Naira (₦)
NAV per share	₦113.55
Minimum investment	₦50,000.00
Income distributions	Dec '13: ₦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 '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

Following a weak start to the year, equities rebounded in February. The Nigerian Stock Exchange All share Index (NSEASI) rose 1.8%, the best monthly performance since June 2014. The continued weakness within the fixed income space was a drag on the composite benchmark but the Fund gained 1.5% and outperformed its composite benchmark.

Sentiment within the equity market turned over the month as foreign investors began to trickle back in. The Central Bank of Nigeria took the decisive step of moving the Naira towards a managed float regime by collapsing the Retail Dutch Auction window into the Interbank Foreign Exchange market. This amounted to a tacit devaluation of the Naira. Apart from the political risk around the elections, foreign investors had hitherto been concerned about Naira risk. With the reduced uncertainty around the Naira, the appetite for equity risk returned. Within the Fund, the allocation to equities remained stable and therefore benefitted from the gains within the equity market.

Yields within the fixed income and money market spaces continued to rise over the month as markets remained under pressure following the postponement of the elections and further Naira devaluation. The Fund maintained a relatively short duration stance in line with expectations that yields were likely to remain elevated. This positioning benefitted the Fund as almost half of the money market portfolio was reinvested at favourable yields over the month.

Market Outlook

The General Elections are to take place in March. The political tensions around the elections have continued to put pressure on equities. As we move into the election period, we expect the appetite for risk to decline. Additionally, within the equity market, we expect that the underwhelming Full Year 2014 results are unlikely to provide positive support for markets.

Benchmark

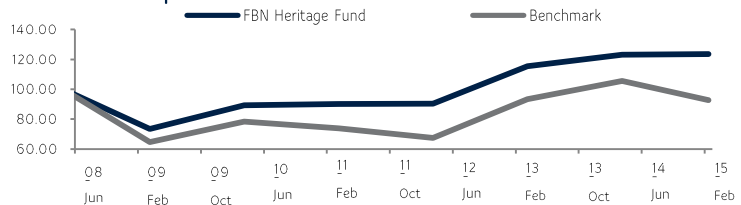
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

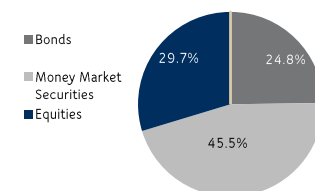
Historic prices

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Bid price (₦)^	118.58	115.70	115.99	111.88	113.55

Cumulative performance



Current allocation



Asset allocation ranges

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