

## FBN Heritage Fund

www.fbncam.com

All data as at 31<sup>st</sup> July 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 <sup>st</sup> April 2008
Fund size	₦4.4bn
Base currency	Naira (₦)
NAV per share	₦106.58
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

The month of July represented another weak month in terms of the performance of risk assets. Equity markets declined 9.8% over the period, negatively impacting both the Fund's composite benchmark, which fell 4.9% and the Fund which declined 2.1%.

Over the month, the equity market was impacted by lingering macro concerns around the lack of clarity on Nigeria's fiscal policy stance following the successful inauguration of Nigeria's current president, Muhammadu Buhari. Additionally, second quarter results further dampened sentiments as companies struggled to maintain their profitability in the face of macro headwinds, slower consumer spending and rising input costs following the devaluation of the Naira. We used the price weakness as an opportunity to slightly increase the Fund's exposure to a top-tier, high quality banking name.

Over the month, yields in the fixed income market rose, the Monetary Policy Committee met and markets watched in anticipation of a further tightening of the monetary stance but no changes were made. As such, trading was dictated by liquidity levels, in addition to the negative sentiment. To take advantage of the higher rates at the longer end of the money market curve, the duration of the money market portfolio was lengthened.

#### Fund and market outlook

We expect fixed income yields to rise in the face of the recent increase in Open Market Operations to mop up liquidity. As such would position the portfolio to take advantage of higher yields. With equities, we expect to use the current bearish stance to increase exposure to quality names at attractive levels.

### Benchmark

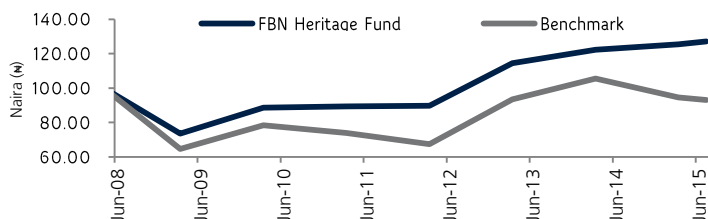
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

### Performance and Positioning

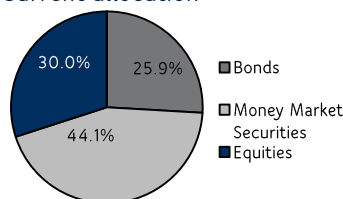
#### Historic prices

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Bid price (₦)^	113.55	115.27	120.13	109.37	108.91	106.58
Distribution (₦)				11.00		

#### Cumulative performance



#### Current allocation



#### Asset allocation ranges

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