

## FBN Heritage Fund

www.fbncam.com

All data as at 31<sup>st</sup> July 2014 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	₦5.1bn
Base currency	Naira (₦)
NAV per share	₦120.53
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

In a month where the Treasury Bill and bond markets continued to strengthen and the equity market struggled, the Fund gained 0.7%. This represents a 1.1% outperformance versus its composite benchmark which fell 0.4%.

The equity market lost 0.9% with the major names across the banking and consumer sectors putting in weak performances. Second quarter results were poor as expected. Most banks reported weak earnings on the back of rising interest expense as well as weak operating cost control. Consumer names continued to struggle to grow revenues and contain costs which meant that earnings grew little, if at all. The cement sector was one where majority of the companies posted consistent earnings growth. Within the portfolio, we added a new banking name where we anticipate future value from this company.

In the fixed income markets, both Treasury Bill and bond yields were driven down by increased liquidity. The Central Bank has been less active with respect to issuing Open Market Operation (OMO) bills to support rates. As we anticipate that this will continue, we have maintained mid-long dated positions in Treasury Bills and bonds, allowing us to benefit as rates dip further. We also rotated maturing Treasury Bills into bank placements where rates were more attractive.

#### Market Outlook

We expect a quiet month in August as has historically been the case. Equities are likely to move sideways as we continue to see the effect of the lacklustre earnings season. Elevated system liquidity is expected to continue, putting pressure on yields. The Central Bank is less inclined to push rates higher as lower rates remain in line with the policy of the new governor. Within the Fund, we would continue to add to our equity positions on dips whilst seeking out the best rate opportunities in the fixed income space.

### Benchmark

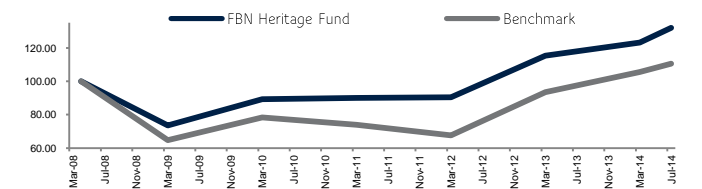
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

### Performance and Positioning

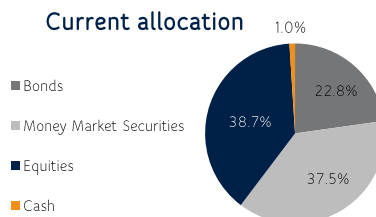
#### Historic prices

	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Bid price (₦)^	113.19	114.33	118.19	119.68	120.53

#### Cumulative performance



#### Current allocation



#### Asset allocation ranges

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