

INVESTING

FBN HERITAGE FUND

All data as at 31 March 2016 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 Thorpe <small>CFA</small> , Kike Mesubi, Oluoyomi Okin
Fund launch date	1 st April 2008
Fund size	₦4.37bn
Base currency	Naira (₦)
NAV per share	₦106.69
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.

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.

FBN Capital Asset Management RC 978831

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A part of the FBN Holdings Group

Monthly Comments

Fund and market review

Nigerian equities rebounded for another month in March despite the apparent bearish sentiment clouding equity markets over the month. The Nigerian Stock Exchange All Share Index (NSEASI) rose 3.0% over the month to end Q1 2015 down 11.6%. The Fund however rose 0.5% in the same period, lagging the market return and also the benchmark return of 1.3% for the month.

Positive performance in the Fund was largely driven by the 18.4% gain in Dangote Cement over the month, spurred on by their relatively strong 2015 results. Despite the high yields to be had in the equity market, negative sentiment stemming from the uninspiring results from Nigerian companies weighed. As such, despite the fact that many stocks had dividend yields considerably above fixed income instruments, investors focused on the underlying performance of companies. Weakening consumer demand meant that companies struggled to grow revenues and the declining exchange rate put pressure on costs. Profits on average declined in 2015 in response to macro pressures. The Fund Manager continued to cautiously increase the Fund's equity weighting by increasing exposure to a few quality names in the Banking and Industrial sectors of the market, purchasing them at depressed prices.

Fixed income yields rose and the yield curve flattened over the month as yields on the short end of the curve rose more than those at the longer end of the curve. The Monetary Policy Committee (MPC) unexpectedly tightened policy by increasing the policy rate by 1.0% to 12.0%. This was in response to the 11.4% inflation figure for February. In response to rising yields, the Fund manager continued to focus on the short to mid end of the curve to maintain flexibility.

Fund and market outlook

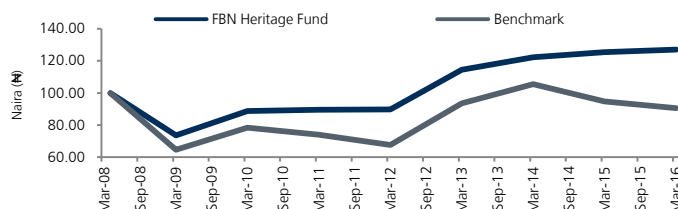
We believe equity prices may remain under pressure due to the weak macro outlook and the resulting weakness in companies prospects. In the fixed income space, we will favour short to medium tenors in order to take advantage of the expected yield rise following the tightening of the MPC's stance.

Performance and Positioning

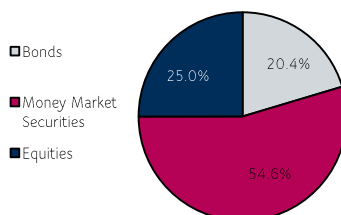
Historic prices and yields

	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Bid price (₦)^	106.26	108.45	108.41	108.22	109.30	105.89	106.06	106.69

Cumulative Performance



Current allocation



Asset allocation ranges

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