

## FBN Heritage Fund

www.fbncam.com

All data as at 31<sup>st</sup> May 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	₦4.5bn
Base currency	Naira (₦)
NAV per share	₦109.37
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 May saw a reduction in risk appetite following the strong performance of equities in April. The equity market declined 1.1% over the month. The Fund's benchmark fell 0.7% over the period, where the Fund returned 0.2%. A distribution of ₦11 per unit was paid to unit holders who were on the register as at 4 May, 2015.

Equities were relatively quiet over the month of May as markets focused on the domestic macro situation in light of the impending and eventual inauguration of a new government. In a data vacuum, markets were driven by the relatively negative sentiments that surrounded the fuel scarcity in the country. The scarcity added to continued concerns around the health of the banks and the consumer. Concerns about government revenues also surfaced and the growth in infrastructure spending for the nation came under scrutiny. The Fund's positioning was streamlined with a reduced allocation to the banks and the oil & gas sectors in response to the aforementioned macro issues.

Fixed income yields were broadly flat to lower over the month as markets remained quiet in light of the inauguration. Increased system liquidity on the back of maturities in addition to the absence of Open Market Operations (OMO) auctions by the Central Bank kept rates lower over the month. 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 the high volume of maturities experienced in April and May to put pressure on yields in the money market in the absence of OMOs. Therefore, we intend to maintain the current strategy within the money market space. We anticipate that the current apathy towards equities and other risk assets will continue until we get more macro colour from the new government.

### Benchmark

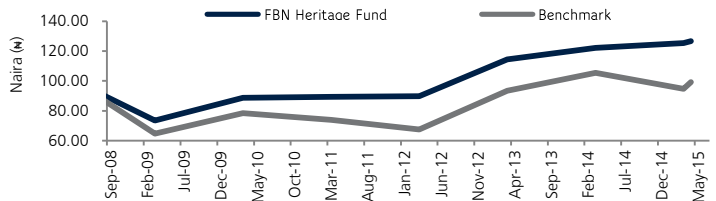
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

### Performance and Positioning

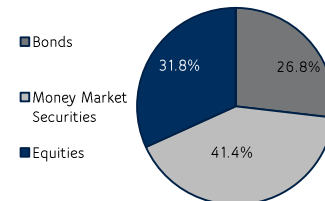
#### Historic prices

	Jan-15	Feb-15	Mar-15	April 15	May 15
Bid price (₦)^	111.88	113.55	115.27	120.13	109.37
Distribution (₦)					11.00

#### Cumulative performance



#### Current allocation



#### Asset allocation ranges

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