

INVESTING

FBN HERITAGE FUND

All data as at 31st October 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 Manager	Laura Thorpe <small>CFA</small> , Kike Mesubi, Olyomi Okin
Fund launch date	1 st April 2008
Fund size	₦4.5bn
Base currency	Naira (₦)
NAV per share	₦108.45
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.

FBN Capital Asset Management RC 978831

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A part of the FBN Holdings Group

Monthly Comments

Fund and market review

Financial markets resumed their bearish trend in October with risky assets losing value and the less risky money market instruments seeing their yields compress. The Fund's price was broadly flat over the month where the Nigerian equity market lost 6.5% and the benchmark lost 3.7%.

Weak third quarter corporate earnings released over the month drove negative sentiments. In line with expectations, bank earnings showed that H2 had begun on a weak note with muted loan growth driving uninspiring earnings. For the consumer names, revenues and profits were impacted by weak demand and cost pressures. This, in addition to the continued delay in the implementation of macroeconomic policies, kept risk aversion high. The Fund reduced its allocation to the equities by exiting a construction name in the portfolio following a re-evaluation of the revenue growth and prospects for the company, especially given the weak macro fundamentals.

Within the fixed income market, yields were pressured drastically lower by elevated liquidity levels and expectations of a loosening of monetary policy by the Monetary Policy Committee. Treasury bill yields declined to single digit levels across the curve in response to the buying pressure. Within the Fund, alternative money market instruments such as commercial papers were reintroduced to support the yield within the fixed income space.

Fund and market outlook

As we move towards the end of 2015, we expect market performance to remain weak for lack of catalysts to spur buying interest. In the fixed income space, we will look to increase exposure to higher-yielding and corporate debt and deposits, given our view for government yields to remain low as buoyant liquidity persists.

Benchmark

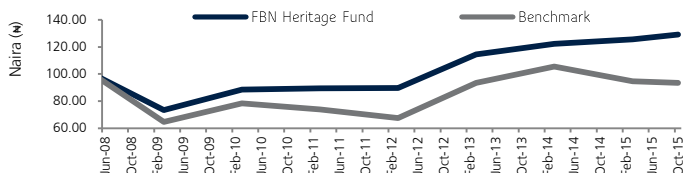
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Bloomberg Nigeria Local Sovereign Index and State bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

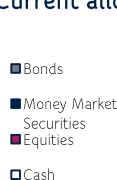
Historic prices and yields

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sept-15	Oct-15
Bid price (₦) [^]	120.13	109.37	108.91	106.58	106.26	108.45	108.41
Distribution (₦)			11.00				

Cumulative Performance



Current allocation



Asset allocation ranges

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