

FBN Heritage Fund

www.fbncam.com

All data as at 31st October 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 st April 2008
Fund size	₦5.0bn
Base currency	Naira (₦)
NAV per share	₦118.58
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

Markets entered the final quarter of 2014 firmly in a risk off mode. The Fund's price lost 3.3% on the back of a very weak equity market which lost 8.9%. The Fund's composite benchmark declined 4.6% over the month.

Corporate earnings in the third quarter were weak as regulatory challenges in the banking sector weighed on those earnings. Within the consumer space, we noted that the listed companies struggled to grow their revenues as competition intensified and the insecurity in the North weighed. Operating costs also rose as companies increased their marketing and distribution spend to tackle these problems. Additionally, the oil price weakened dramatically as markets interpreted the actions of key oil exporters who cut their oil price to mean that a new (lower) floor is being set for the oil price. The combination of those factors dampened sentiments and the Nigerian Stock Exchange All Share Index (NSEASI) sustained a loss of 8.9% (a loss of 9.1% year to date).

Yields rose over the month in the treasury bills and bonds space on the back of a deterioration in the fundamentals (a falling oil price, high inflation and a weakening Naira), despite the high system liquidity. Within the fixed income and money market space, short duration positions were initiated at attractive yield levels to take advantage of the expected yield contraction following the increased market liquidity around the AMCON bond maturities.

Market Outlook

Looking forward, equities are expected to struggle given weak company results that were recently announced. The equity market lacks a catalyst as it looks unlikely that full year earnings would surprise positively. We see the negative sentiment continuing. Within the bonds and treasury bills space, we expect the elevated liquidity to persist although yields would continue to be pressured higher by the macro issues around the oil price and the currency.

Benchmark

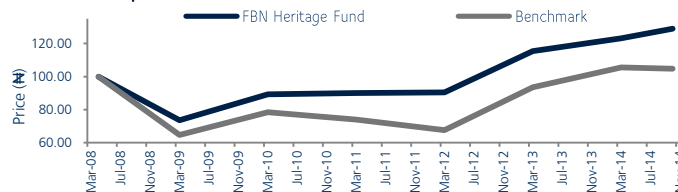
Composite benchmark: 25% 91 days Nigerian Treasury Bill (NTB), 25% Federal Government of Nigeria and state bonds, 50% Nigerian Stock Exchange All Share Index

Performance and Positioning

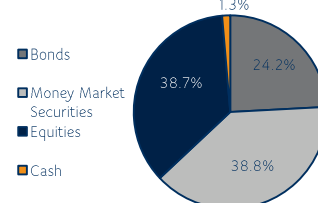
Historic prices

	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Bid price (₦)^	119.68	120.53	120.28	122.34	118.58

Cumulative performance



Current allocation



Asset allocation ranges

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