

# INVESTING

## FBN MONEY MARKET FUND

All data as at March 31st 2018 unless otherwise stated



### Fund Overview

#### Investment objective

The Fund seeks to maximise current income in line with prevailing Nigerian money market rates whilst aiming to preserve capital consistent with such rates and to maintain a high degree of liquidity by investing in a broadly diversified portfolio of short-term, high quality money market securities.

#### Fund facts

Fund Manager	Ifeoluwa Dixon, Tutu Adekoya CFA
Fund launch date	24 <sup>th</sup> September 2012
Fund size	₦91.70bn
Base currency	(₦)
NAV per share	₦100.00 <sup>^</sup>
Minimum investment	₦5,000.00
Minimum holding period	30 days*
Income accrual	Daily
Income distribution	Quarterly
Annual management fee	0.75%
Total Expense Ratio	0.90%
Risk profile	Low**
Benchmark	91 days Nigerian Treasury Bill (NTB)

#### Fund highlights

The Fund is an open ended mutual fund that invests in a broad range of money market securities such as Treasury Bills, Commercial Papers, Bankers Acceptances and Certificates of Deposits issued by rated banks in Nigeria.

The Fund is suitable for temporary or medium term cash investments and offers an efficient alternative to investing directly in cash deposits. The Fund aims to offer a high level of security coupled with a competitive yield.

#### Investor Profile

The Fund may be suitable for investors who are seeking an alternative to cash deposits for their medium term or temporary cash investments, including the liquidity components of investment portfolios or diversification to an existing equity portfolio.

Source: FBNQuest Asset Management

\* Redemption period: 3 - 5 business days.

No additional charges are applied on redemption. However, units redeemed earlier than the 30 business days minimum holding period will incur a processing fee of 20% on the income earned on the value of such redemptions.

\*\* The Fund has a 'Low' risk profile given it invests the majority of its assets in money market securities. A low risk fund is protected against any adverse losses. A low risk profile does not mean a risk-free investment.

<sup>^</sup> Price is stated net of fees and expenses. The fund manager is required to maintain a stable price (NAV) of ₦100.00.

<sup>^^</sup> 30 Day Moving Average Annualised yield is stated net of fees and expenses.

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 Senate confirmed five out of six nominees of the Central Bank of Nigeria (CBN) that were presented to the house late last year. Two of the nominees were appointed as Deputy Governors of the CBN whilst three were appointed as members of the Monetary Policy Committee (MPC). The upper legislative chamber had initially refused to confirm the nominees, stalling the MPC meeting of the CBN in January and March. The CBN Governor has announced that the first MPC meeting of 2018 will hold on April 3<sup>rd</sup>, 2018.

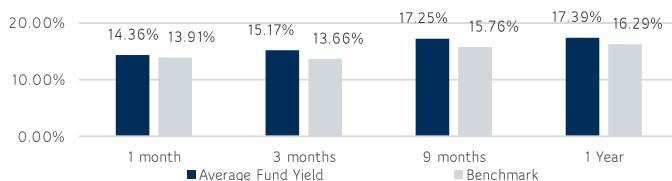
The late release of the quarterly Treasury Bills calendar, coupled with a low offer volume of ₦38.28billion on the 1-year bill spurred a drop in secondary market rates to 13.65% and 12.85% from 14.3% and 13.3% on mid and long dated bills respectively. In March, there was a sell-off on April 2018 bills in the Secondary Market. April 19<sup>th</sup> and 26<sup>th</sup> Bills lost about 70 to 120 basis points to close the month at 12.5% and 13.5% respectively. The Open Market Operations (OMO) bills stop rate was sustained at 14.40%.

The FBN Money Market Fund's 30 day moving average yield closed at 14.93% compared with 15.17% recorded in the previous month. The Fund's benchmark closed at an average of 13.91%. The yield on the 31st of March was 14.60%.

#### Fund and market outlook

We expect the financial market to be liquid in April, as ₦263 billion of the Nigeria Treasury Bills and ₦1.3 trillion of the OMO bills mature into the system, coupled with circa ₦330 billion from the statutory allocation and refund from Foreign Exchange (FX) sales. The treasury bills market is expected to trade bullishly in response to surplus liquidity thereby pushing yields lower than March levels. The Fund Manager also expects the CBN to maintain an optimal level of money supply by intervening via OMO and FX retail auctions. The Fund will be actively managed to maintain a competitive yield.

### Performance Summary



### Historic prices and yields

	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	18.50%	18.37%	16.03%	15.17%	14.93%

### Asset Allocation Ranges

Bank tenored placements	10-75%
Treasury bills and short-government securities	25-100%
Other money market securities	10-75%

### Current Allocation

