

INVESTING

FBN MONEY MARKET FUND

All data as at October 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 Owolabi-Kadiku CFA |
| Fund launch date | 24 th September 2012 |
| Fund size | ₦139.23bn |
| Base currency | (₦) |
| NAV per share | ₦100.00 [^] |
| 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 day 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.

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

^{^^} 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

Headline CPI inched up slightly to 11.28% for the month of September 2018 from 11.23% in August 2018 (a 5 basis points month on month increase), representing the second rise following 18 consecutive declines. In the treasury bill market, higher stop rates were recorded at both the primary and Open Market Operations (OMO) auctions.

During the month, the interbank market was fairly liquid. Participants traded bearish sentiments with a bit of sell off on the short dated papers. Month on month, the October and November 2018 papers gained 15-20bps to close at 13.00% levels from 12.80%. There was little activity on the long dated papers during the month with yields remaining stable at 13.00% levels.

The FBN Money Market Fund's 30 day moving average yield closed at 11.97% compared to 12.02% recorded in the previous month. The Fund's benchmark closed at an average of 12.38%. The yield on the 30th of September was 12.15%.

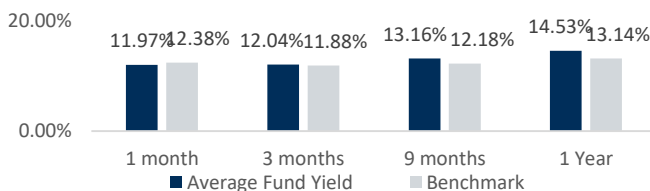
Fund and market outlook

The Monetary Policy Committee (MPC) is scheduled to meet in November to review both global and local economy developments, and decide on the Monetary Policy Rate (MPR). We do not foresee any change in the benchmark rate of 14%; as month-on-month inflation remains high.

We also expect ₦1.54 trillion of OMO maturities and ₦424.14 Billion of Primary Auctioned Treasury Bills to be credited to the system; these inflows should give respite to the market. However, we anticipate that the CBN will mop liquidity via a series of OMO auctions and FX interventions. We expect rates to hover around current levels.

The Fund is well positioned to take advantage of any swing in rates

Performance Summary



Historic prices and yields

| | June-18 | July-18 | Aug-18 | Sept-18 | Oct-18 |
|--------------------------------|---------|---------|--------|---------|--------|
| Price (₦) [^] | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Annualised yield ^{^^} | 12.92% | 12.14% | 12.14% | 12.02% | 11.97% |

Asset Allocation Ranges

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

Current Allocation

