

INVESTING

FBN MONEY MARKET FUND

All data as at 31 August 2017 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 th September 2012
Fund size	₦51.28bn
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%
Risk profile	Low**

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: FBN Capital 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

In August, low levels of liquidity were recorded in the interbank market. The treasury bills secondary market was however bullish, as demand rallied across the curve. This demand was fuelled by the Central Bank of Nigeria (CBN) offering shorter tenured maturities at its Open Market Operations (OMO) auctions during the period under review. The market's interpretation of these OMO offerings led to demand for bills especially on the long dated papers.

Inflows from OMO maturities of approximately ₦563.4bn, FGN bonds coupon of ₦100bn and the Statutory Allocation of ₦275bn curbed the illiquidity in the interbank market. These inflows prompted further demand on short dated papers. Month on month, yields closed at an average of 14.20%, 18.40% and 18.15%, from start levels of 18.45%, 19.15% and 18.50% for the short, mid and long dated maturities.

In August, the Nigeria Bureau of Statistics released its July inflation report. The Consumer Price Index (CPI) which measures headline inflation fell marginally to 16.05% (year-on-year) in July 2017 from 16.1% in June.

The FBN Money Market Fund's 30 day moving average yield closed at 18.39% compared with 18.21% recorded in the previous month. The Fund's benchmark closed at an average of 18.66%. The Fund's yield on the 31st of August was 18.44%.

Fund and market outlook

We expect the interbank market to be liquid in September with OMO maturities of about ₦560bn and inflows from the Federal Account Allocation Committee (FAAC) of about ₦220bn. We expect to see demand for the short and mid dated papers in September as market participants continue to invest excess liquidity in short-mid dated securities. However, we anticipate an aggressive mop up stance by the CBN to maintain an optimal level of money supply. The Fund will continue to invest in higher yielding securities.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	17.37%	17.67%	18.62%	18.21%	18.39%

Asset Allocation Ranges

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

Current Allocation

