

INVESTING

FBN MONEY MARKET FUND

All data as at November 30th 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	₦63.53bn
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 November, the Monetary Policy Committee (MPC) left all key market indicators unchanged but signalled the gradual growth in the economy and possibility of a rate reduction in 2018. There was high demand for treasury bills due to expectations of the decline in yields in 2018. At November's last primary auction, stop rates dropped to new lows of 12.95%, 15.00% and 15.57% respectively on the 91 days, 182 days and 364days maturities.

The bullish run in the treasury bills market was caused by the persistent illiquidity in the interbank market, lack of Open Market Operation (OMO) on the long end of the curve, reduction in yields at the primary market treasury bills auctions and the issuance of Eurobonds. Yields across the long dated curve dropped to an average of 14.50% from 15.00% on a month-on-month basis.

In its bid to manage liquidity in the system, the Central Bank of Nigeria (CBN) conducted its regular series of OMO, however the closing rates at the auction gradually reduced on the mid-dated maturity from 17.80% at the start of the month to 17.55% by the end of the month. A total of N2.19trn was offered and N1.22trn was sold out of N1.13trn subscription. The CBN indicated the possibility of an end of a high interest rate era with the gradual drop in OMO stop rates.

The FBN Money Market Fund's 30 day moving average yield closed at 18.25% compared with 17.90% recorded in the previous month. The Fund's benchmark closed at an average of 16.77%. The yield on the November 30th was 18.50%.

Fund and market outlook

Treasury bills yields are expected to remain at the same levels due to low trading activity associated with year-end or plummet if the CBN sustains the reduction of OMO auctions. The Fund is well positioned due to its exposure to long dated high yielding treasury bills and other permissible investments.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Jul-17	Aug-17	Sept-17	Oct-17	Nov-17
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	18.21%	18.39%	18.67%	17.90%	18.50%

Asset Allocation Ranges

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

Current Allocation

