

INVESTING

FBN MONEY MARKET FUND

All data as at 30th April, 2016 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
Agusto & Co. rating	Aa(f)
Fund launch date	24 th September 2012
Fund size	₦89.72bn
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.

^{^^} 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

Rates eased across all Nigeria Inter-Bank Offered Rate (NIBOR) tenors in the month of April, as banking system liquidity remained the focus in the interbank money market. The rate on the overnight tenor recorded the most significant decrease, contracting by 340 basis points (bps) to close at 3.54%. The 1, 3 and 6-month inter-bank rates followed suit, contracting by 165bps, 127bps and 102bps to close at 8.20%, 10.39% and 12.04% respectively.

The average yield in the Nigerian Treasury Bills market increased, with sell-offs occurring at the intermediate and long ends of the curve; both tenors gained approximately 100bps and 148bps from a starting average of 7.01% and 8.73% to end at 8.02% and 10.21% respectively. In contrast, the short-end maturities experienced some relief, with yields declining by an average of 16bps from 5.46% to 5.30% as at end of the month.

A combination of contractionary rhetoric and aggressive Open Market Operations (OMO) activity by the Central Bank of Nigeria (CBN) served as catalysts for the negative sentiment in the market. The CBN mopped about N235.69 billion worth of OMO Bills from the market.

The Fund took advantage of the volatility experienced in the market during the sell-offs period and as such closed the month at 7.27% and outperformance its benchmark which recorded 6.90%.

Fund and market outlook

We forecast changes in the capital markets to be dictated by the outcome of the Monetary Policy Committee meetings in May. In the absence of any significant changes to the interest rate environment, we anticipate yields will react to the level of liquidity in the market.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Dec-15	Jan-15	Feb-16	Mar-16	Apr-16
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	8.6%	7.6%	7.6%	7.2%	7.3%

Asset Allocation Ranges

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

Current Allocation

