

# INVESTING

## FBN MONEY MARKET FUND

All data as at 30 April 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 <sup>th</sup> September 2012
Fund size	₦36.61bn
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%
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.

<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 month of April was characterised by tight liquidity conditions in the interbank market. Overnight and Open Buy Back rates peaked to 200% levels before retracting to 4% levels at the end of the month.

In the Treasury bill market, the bearish trend persisted as continuous Foreign Exchange (FX) Interventions and Open Market Operation (OMO) auctions squeezed liquidity out of the system. The selloff was aggressive for the most part of the month on the short to mid end of the curve, this trend slowed down towards the end of the month, as OMO maturities of ₦52.95 Billion, FGN Bond Coupons of ₦36.25 Billion and FGN Bond Maturity of ₦480.13 Billion were credited to the system on April 27, 2017 which eased the selloff pressure experience at the start of the month.

The Fund was well positioned to take advantage of these spikes as matured assets were reinvested in higher yielding instruments that are within the asset allocation and allowed weighted average tenor.

The FBN Money Market Fund 30 day moving average yield rose to 17.37% as against 17.10% recorded in the previous month and closed the month at 17.42%.

#### Fund and market outlook

In the coming month the Monetary Policy Committee (MPC) will be meeting 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 ₦323.28 Billion of OMO maturities and ₦256.78 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 apex bank will mop liquidity via series of OMO auctions and FX interventions. All in we expect rates to hover around current level.

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

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

##### Historic prices and yields

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	14.87%	15.17%	15.88%	17.10%	17.37%

##### Asset Allocation Ranges

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

##### Current Allocation

