

FBN Money Market Fund

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All data as at 31st August 2015 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	Michael Oyebola
Assistant Fund Managers	Ifeoluwa Dixon
Agusto & Co rating	Aa(f)
Fund launch date	24 th September 2012
Fund size	₦36.41bn
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

The National Bureau of Statistics released the Gross Domestic Product (GDP) growth rate for the 2nd Quarter of 2015 which fell to 2.35% year-on-year, a 1.61 percentage point decline from the 3.96% recorded in Q1 2015. This is the lowest rate since the start of the new rebased series in Q1 2011.

In August, the Treasury bills market opened bearish due to thinning liquidity conditions in the interbank market. However, there was a reversal in the last week of the month due to the receipts of Open Market Operation (OMO) bill maturities of c₦101bn and the Federal Account Allocation Committee (FAAC) inflow of c₦280bn. This brought respite to the market and yields dropped by an average of 300bps across all benchmark bills from their previous openings. During the month the interbank rates for Open Buy Back (OBB) and Overnight (ON) reached a record high of 150.00% but dropped significantly to 9.00%, underscoring the volatile market conditions over the month.

The Fund took advantage of the high yields recorded during the periods of tight liquidity in the financial markets by re-allocating some of its short dated treasury bills to mid tenured bills at more attractive yields.

Fund and market outlook

September will be characterized by some market moving activities, including;

- The expectation that the President will announce ministerial appointments and new economic policies (if there are to be changes from the previous policies).
- The expected level of liquidity will also dictate the tone of the yields, we anticipate a total inflow of c₦634bn from two major sources; OMO maturities (c₦354bn) and FAAC disbursement (c₦280bn).
- The outcome of the Monetary Policy Committee meeting slated for September 21st-22nd

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

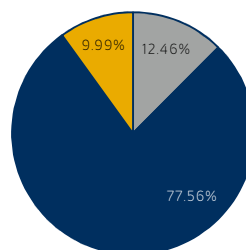
Historic prices and yields

	Apr-15	May-15	June-15	July-15	Aug-15
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	14.4%	13.8%	13.6%	14.4%	13.5%

Asset Allocation Ranges

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

Current Allocation



■ Bank tenored deposits

■ Treasury bills and short term government securities

■ Commercial papers