

INVESTING

FBN MONEY MARKET FUND

All data as at 31st August, 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 CFA
Agusto & Co. rating	Aa(f)
Fund launch date	24 th September 2012
Fund size	₦32.13bn
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

Interbank liquidity opened at N150bn at the start of August which was however mopped up by the Central Bank through Open Market Operations (OMO) auctions and a two-way-quote request in the secondary market selling a total of N186bn. This led to a hike in Open Buy Back (OBB) & Overnight (O/N) rates from 6.00% - 8.00% to 18.00% - 20.00%.

The Central Bank of Nigeria (CBN) released a circular to address the practice whereby authorized dealers accessed the CBN Standing Lending Facility (SLF) at 16.00% to purchase higher-yielding OMO T-Bills, thereby arbitraging the CBN. The CBN directed that, henceforth, all authorized dealers refrain from accessing the discount window of the CBN on the settlement date for government securities' auctions, which include CBN Bills, Nigerian T-Bills and FGN Bonds.

As at mid-month (17th August), the CBN refrained from selling the 1 year maturity at the primary auction as per their calendar for the quarter. This decision was taken because there was no 1 year bill maturing and as such, the apex bank decided to rollover only the tenors maturing. This caused yields to drop by an average of 45bps as outstanding demand filtered into the market. Closing the month, O/N and OBB rates softened to trade at 15.00% and 13.00% respectively following the inflow of Federal Accounts Allocation Committee (FAAC) allocations - N209.9bn. System liquidity increased to N87bn as a result of the net effect of the FAAC inflows and OMO auction debit on the 29th of August. The Fund recorded some capital loss due to repositioning and redemptions which resulted to low yields recorded in the month.

Fund and market outlook

Decisions at the next Monetary Policy Committee meeting should dictate market direction.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	7.3%	7.8%	7.8%	8.1%	7.1%

Asset Allocation Ranges

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

Current Allocation

