

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31st December 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	Ifeoluwa Dixon, Tutu Adekoya
Agusto & Co. rating	Aa(f)
Fund launch date	24 <sup>th</sup> September 2012
Fund size	₦72.63bn
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> 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 treasury bills secondary market continued in its bullish trend with demand for most securities across the short and mid-term of the curve. There was a lot of activity in terms sale and purchase of bills which mature in January and February 2016; their yields crashed by over 100bps closing at 0.00% and 0.50% respectively. Aggressive demand for short-dated maturities was due to huge volumes of liquidity in the market. This indicated, for the time being, that the Central Bank of Nigeria (CBN) had no intention of frantically borrowing at any cost especially for longer tenors.

The interbank market responded to the huge inflows from treasury bills that matured at the tail end of the month/year and these crystallized amid the holidays. This crystallisation, alongside the new inflows (though almost insignificant at N27bn) and the expectations for the Federation Accounts Allocation Committee (FAAC) inflow, encouraged interbank players to quote lower lending rates. The large amounts of liquidity present in the system in the last quarter of the year shifted money market rates to record lows.

#### Fund and market outlook

Many Open Market Operation (OMO) bills will mature in early 2016. If the CBN rolls over a tiny portion of these bills, then the pressure on yields will not ease off. It will be interesting to see what change, if any, the CBN makes to its inflation target range for 2016. Perhaps there will be no change on the grounds that weaker demand is containing inflationary pressures and from confidence that it can hold the line on the Naira exchange rate.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

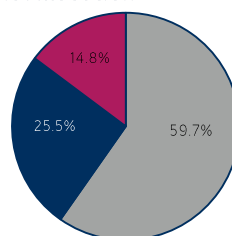
##### Historic prices and yields

	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	13.5%	13.8%	12.4%	10.7%	8.6%

#### 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

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