

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31st December, 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 <sup>th</sup> September 2012
Fund size	₦24.60bn
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

During the first few days of December, rates in the interbank market hovered around 10% in spite of the Central Bank of Nigeria's (CBN) persistent issuance of Open Market Operations (OMO) Bills. Thereafter, treasury bill rates trended up slightly on the back of anticipated funding by Banks for Special Foreign Exchange (FX) intervention. As the result of the FX sale trickled out (CBN sold approximately US\$1 billion), it became obvious that the CBN sold less than market expectation and the excess funds available in the system was used to purchase short term treasury bills. Consequently, interbank rates dropped to 5% while treasury bill yields trended downwards. The re-imbursalment of N350billion to State Governments for excess interest from the Paris Club as well as N112billion Local Contractor Bond Maturity further increased market liquidity and put downward pressure on yields. This trend remained till the end of the month aided by Federation Accounts Allocation Committee's (FAAC) inflow of over N230billion.

CBN increased its offering of OMO Bills in December with more interest witnessed in the long end maturities due to less volatility at that end of the curve. CBN sold N99.836 billion at 18% for maturities between 174-196 days while N458.83 billion was sold at 18.60% for long end maturities between 345-356 days. Primary Market Auction rates closed the year relatively flat with the 91, 182 and 364 day bills at 14%, 17.50% and 18.68% respectively vis-à-vis 13.99%, 17.40% and 18.70% respectively in the previous month.

#### Fund and market outlook

The Fund's performance continued to improve in December, in spite of a decline in rates, the Fund was able to enjoy returns on higher yielding securities which had been purchased when market yields trended up. The portfolio manager was also able to take advantage of higher placement rate as banks sought funds to shore their books at year end. The Fund ended the month with a weighted average yield of 14.87% and closed December 31st 2016 at 15.32%.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

#### Historic prices and yields

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	7.1%	10.05%	11.50%	13.68%	14.87%

#### Asset Allocation Ranges

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

#### Current Allocation

