

# INVESTING

## FBN MONEY MARKET FUND

All data as at 28th February, 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
Agusto & Co. rating	Aa-(f)
Fund launch date	24 <sup>th</sup> September 2012
Fund size	₦28.50bn
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 Nigerian Bureau of Statistics (NBS) recently released Q4 2016 Gross Domestic Product (GDP) figures which showed a further -1.30% contraction in the last quarter of 2016. However, this was less severe than the -2.24% contraction reported in the previous quarter. On a quarter-on-quarter basis, real GDP grew by +4.09% on the back of increased economic activities driven by seasonal factors. Overall, 2016 full year GDP contracted by 1.51%.

The interbank market was predominately illiquid in the month of February, in spite of inflows that were received. The Open Market Operation maturities of N454bn and N220bn from Statutory allocation inflows could not salvage the illiquid market. Overnight (ON) and Open Buy Back (OBB) rates recorded 100% and 120% respectively on February 21, but closed the month at 15% and 20% respectively, the drop in rates was not as a result of inflow but due to market players approaching the secondary market to sell off government securities as against sourcing for funds in the interbank market.

The treasury bills market was bearish in February due to tight market liquidity, sell offs persisted across the curve as banks positioned themselves for the Foreign Exchange intervention which came twice this month.

There were at least four OMO auctions in the month, with different maturity dates (tenors) the auctions stop rates printed at 18.00% and 18.60% for the mid and long tenured bills respectively.

#### Fund and market outlook

The Fund has been able to take advantage of higher market yields and significantly boost performance. On February 28th 2017, the Fund's yield stood at 16.64%. We forecast changes in the capital markets to be dictated by the outcome of the Monetary Policy Committee meetings in March. In the absence of any significant changes to the interest rate environment, we anticipate yields will react to the level of liquidity at any given time.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

#### Historic prices and yields

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	11.50%	13.68%	14.87%	15.17%	15.83%

#### Asset Allocation Ranges

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

#### Current Allocation

