

FBN Money Market Fund

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All data as at 31st July 2014 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, Opeyemi Odejide
Agusto & Co rating	Aa(f)
Fund launch date	24 th September 2012
Fund size	₦27.03bn
Base currency	(₦)
NAV per share	₦100.00 ^A
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 2.0% 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.

^A Price is stated net of fees and expenses. The fund manager is required to maintain a stable price (NAV) of ₦100.00.

^{AA} 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 market continued to experience a gradual decline in money market rates in July. The average Interbank rates witnessed a decline of 5bps when compared to June. Treasury Bill yields also declined during the month; short tenored bills averaged 10.27%, while mid to long tenored bills averaged 10.67% and 10.71% respectively. There were two Treasury Bill primary auctions in July with stop rates closing lower than the June auctions; we witnessed the 91 days stop rate decline by 11bps while the 182 days and 364 days stop rates declined by 14bps and 20bps respectively. The first Monetary Policy Committee meeting under the new Central Bank of Nigeria (CBN) governor took place during the month with all benchmark rates maintained. To hedge against a further decline in yields, the Fund Manager has increased the Fund's exposure to longer tenored government securities while maintaining the duration of the Fund. The Fund Manager also took advantage of higher rates in bank placements by increasing the Fund's allocation to tenored deposits while trimming down on the Treasury Bill position.

Market Outlook

A closer look at the maturity profile of Treasury Bills reveals a higher volume maturing in August when compared to July. The anticipated liquidity levels from maturing bills signals that the interbank market will remain liquid and this, combined with the CBN's agenda, means we forecast that rates will remain at current levels, with a downward bias.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic Prices and Yields

	Mar-14	Apr-14	May-14	June-14	July-14
Price (₦) ^A	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{AA}	11.9%	11.8%	11.2%	11.0%	10.64%

Asset Allocation Ranges

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

Current Allocation

