

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31st July, 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	₦56.63bn
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 Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met over two days 25-26 July and decided to raise the Monetary Policy Rate (MPR) by 200bp to 14.0% from 12.00%.

The MPC also held unchanged:

Asymmetric corridor of +200bp and -500bp around the monetary policy rate

The Standing Lending Facility (16%)

The Standing Deposit Facility (9%)

The Cash Reserve Requirement (22.5%)

The Liquidity Ratio (30%)

The main focus of the deliberations were factors affecting the growth output, the outlook for inflation, and the fiscal uncertainties, which inadvertently hampered investment spending and flows, along with other external factors such as policy developments in the US, UK, EU, China and Japan.

During the period under review, the CBN conducted a series of Open Market Operations (OMO) auctions and requested banks for special two way quotes on some selected Treasury Bill maturities; this act was in a bid to mop up excess liquidity and to curb foreign exchange speculation activities. This action led to massive sell off in the treasury bill market as rates moved northwards aggressively. The 91 day bill which opened at 9.54% at the start of the month closed at 14.65% a 511bps hike.

#### Fund and market outlook

We anticipate the CBN will continue in its monetary policy tightening mechanism by conducting more OMO auctions due to the inflows expected to hit the interbank system from various fixed income maturities and statutory revenue. We anticipate yields to reflect OMO bills stop rates.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

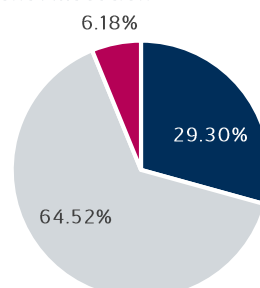
##### Historic prices and yields

	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	7.2%	7.3%	7.8%	8.8%	7.2%

#### 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 Govt Securities
- Commercial Papers

FBN Capital Asset Management RC 978831

18 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria

Tel: +234 (1) 2798300, + 234 (0) 708 065 3100 Email: invest@fbnquest.com www.fbnquest.com

A part of the FBN Holdings Group