

FBN Money Market Fund

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All data as at 30th June 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	₦25.0bn
Base currency	(₦)
NAV per share	₦100.00 [^]
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.

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

^{^^} 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 new Central Bank of Nigeria (CBN) governor resumed office this month and immediately rolled out his agenda. However, the agenda seemed to be similar to that of his predecessor with the exception of his view on interest rates. The Interbank market liquidity persisted during the month despite starting off low at the beginning of the month. The low liquidity at the beginning of the month caused rates to rise, however liquidity increased by the middle of the month. Maturing government securities and the Federal Account Allocation Committee's (FAAC) disbursement continue to be the major contributors to liquidity. Over June, rates in the money market, on average, declined with a little spike on days where we witnessed low liquidity; rates were between the range of 9.00% - 10.50%. The gradual decline in treasury bill primary auction rates signalled the probable desire for a lower interest rate regime by the apex bank.

Market Outlook

We envisage July to be a low interest rate month as elevated Interbank market liquidity continues to keep fixed deposit and treasury bill rates at low levels. To this end, we anticipate rates will remain at current levels. Decisions at the next Monetary Policy Committee (MPC) meeting will provide a clearer indication on the direction of interest rates. We forecast a slight adjustment in the corridor band of ± 20 bps on the back of the guidance from the agenda provided by the CBN governor.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic Prices and Yields

	Feb-14	Mar-14	Apr-14	May-14	June-14
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	11.5%	11.9%	11.8%	11.2%	11.0%

Asset Allocation Ranges

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

Current Allocation

