

FBN Money Market Fund

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All data as at 30th June 2015 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
Agusto & Co rating	Aa(f)
Fund launch date	24 th September 2012
Fund size	₦31.03bn
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

Domestic money markets witnessed a steady inflow of funds over the month. The capital markets received a total sum of N789.74bn in June; N527.75bn from Open Market Operation (OMO) bill maturities, N217.67bn from the Federal Account Allocation Committee (FAAC) and N44.32bn from the Cash Reserve Ratio. However, N826.08bn was debited for OMO bills purchased for various maturities. Open Buy Back and overnight rates began the month at 8.50% and 9.00% respectively and closed the month at 7.00% and 8.00% respectively. The treasury bills market recorded a steady decline in yields due to increased demand from market participants. The Central Bank of Nigeria released a circular excluding 41 items from the list of goods importers can use to access the country's official foreign exchange market. The move was a bid to maintain the stability of the Foreign Exchange market and ensure efficient use of scarce foreign exchange reserves. Nigeria's foreign exchange reserves closed the month at \$29.00bn. The Fund was not significantly impacted by the decline in yields as most of its assets were reinvested at roughly the same levels.

Fund and market outlook

We forecast changes in the capital markets to be dictated by the outcome of the Monetary Policy Committee meetings in July. In the absence of any significant changes to the interest rate environment, we anticipate yields will react to increased level of liquidity we predict in the market which will include approximately 487bn in OMO maturities and FAAC inflows of approximately N217bn.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Feb-15	Mar-15	Apr-15	May-15	June-15
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	12.5%	13.5%	14.4%	13.8%	13.6%

Asset Allocation Ranges

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

Current Allocation

