

INVESTING

FBN MONEY MARKET FUND

All data as at 31st March, 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
Fund launch date	24 th September 2012
Fund size	₦31.59bn
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.

^{^^} 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) released the latest inflation report which showed the first decline in headline inflation in 13 months, to 17.8% year on year (y/y) in February from 18.7% the previous month. The decline was widely flagged, given positive base effects. Core inflation y/y slowed for the third successive month, to 16.0% from 17.9%.

The Treasury Bills market was bearish for most part of the month. Illiquidity in the interbank market was caused by the Central Bank of Nigeria (CBN) consistent Open Market Operations (OMOs) issuance and Foreign Exchange (FX) interventions. This in turn spurred a sell off across the curve moving yields on the short dated papers by an average of 250bps month on month. The most active maturity was the 20 April 2017 bill which peaked at 15.50% from 12.00% at the start of the month.

Towards the end of the month, the market was very quiet as the Treasury Bills market participants only traded 1-way in a bid at resolving outstanding settlement due to illiquidity in the interbank market. Total OMO sales in March was circa ₦355bn as against ₦61bn sold in February. FX interventions was circa \$1.35bn (₦412bn) in the month of March thereby putting pressure on the naira liquidity in the system.

Fund and market outlook

The Fund was repositioned to attract high yielding instruments during the period under review. The strategy adopted by the Fund manager positively impacted the Fund's performance. The Fund's 30 Day Moving Average Annualised yield closed at 17.10%, whilst the yield as the 31st March 2017 stood at 17.45%. The Fund outperformed its benchmark, which closed at 16.49%.

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

	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	13.68%	14.87%	15.17%	15.88%	17.10%

Asset Allocation Ranges

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

Current Allocation

