

FBN Money Market Fund

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All data as at 31st May 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, Opeyemi Odejide
Agusto & Co rating	Aa(f)
Fund launch date	24 th September 2012
Fund size	₦28.35bn
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

Money market instruments continued to be in high demand in May as the market was relatively active in comparison to longer term bond markets. In addition, a liquid inter-bank market further contributed to an active money market. The headwinds faced in Nigeria and the anticipation of a new government led to apathy towards long-term investments. At the beginning of the month, money market yields declined by 200-300 basis points (bps), however, before the end of the month we saw a recovery. In a bid to mop up excess inter-bank liquidity, the Central Bank of Nigeria (CBN) conducted five successful Open Market Operation (OMO) auctions mopping up a total of ₦524 billion. The CBN also continued to intervene in the foreign exchange market resulting in a relatively stable Naira at the inter-bank market; the Naira traded between ₦197-₦199 to the US dollar. At the Monetary Policy Committee (MPC) meeting on the 18th and 19th of May, the MPC harmonised the Cash Reserve Ratio (CSR) for both Public and Private sector funds at 31%, this implied continuity in the Apex bank's tight monetary stance.

Fund and market outlook

We anticipate that status-quo will hold for money market instruments in the month ahead as investors await policies and cabinet appointments by the new administration. The Fund size increased from N25.7 billion in the previous month to N28.4bn by the end of May as investors continue to derive more value from investing in the Fund. Monetary policy is expected to remain tight with yields of money market instruments remaining at current levels.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	12.4%	12.5%	13.5%	14.4%	13.8%

Asset Allocation Ranges

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

Current Allocation

