

# INVESTING

## FBN MONEY MARKET FUND

All data as at 30th November 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	Ifeoluwa Dixon, Tutu Adekoya
Agusto & Co. rating	Aa(f)
Fund launch date	24 <sup>th</sup> September 2012
Fund size	₦68.50bn
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 Nigerian Monetary Policy Committee (MPC) held the last of its meetings of 2015 on 23rd and 24th November against a backdrop of the official exchange rate being relatively stable (approx. ₦199.1/\$), a high, yet slowing inflation rate (9.3% in October), slightly improved GDP growth (2.48% in third quarter) and consistently low oil prices. At the end of the MPC meeting, decisions were as follows:

1. The Monetary Policy Rate (MPR), which had been maintained at 13% since November 2014, was reduced by 200 basis points (bps) to 11%.
2. The cost of borrowing by banks from the Central Bank of Nigeria was reduced by 200 bps to 13%. The deposit rate for banks has also decreased by 700 bps to 4%.
3. The harmonized Cash Reserve Ratio (CRR) was further reduced from 25% to 20%. However, the modalities around how the CRR funds would be translated will be communicated to the banks.
4. The Liquidity Ratio remains at 30%.

The treasury bill market was volatile in the month of November as interbank liquidity fuelled a downward trending rates. In the period under review, yields dropped by 286 bps, 560 bps and 477 bps on the short, mid and long end of the yield curve respectively.

#### Fund and market outlook

We anticipate yields will stabilise at current levels due to high interbank liquidity unless the apex bank mops up the interbank liquidity through Open Market Operation (OMO) issuances. The Fund Manager will continue to be proactive in managing the Fund to ensure its yield remains above its benchmark.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

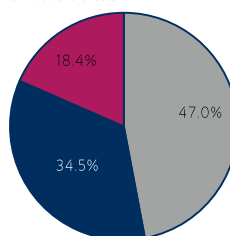
##### Historic prices and yields

	July-15	Aug-15	Sept-15	Oct-15	Nov-15
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	14.4%	13.5%	13.8%	12.4%	10.7%

#### 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 government securities
- Commercial papers

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A part of the FBN Holdings Group