

INVESTING

FBN MONEY MARKET FUND

All data as at 30th November, 2016 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
Agusto & Co. rating	Aa-(f)
Fund launch date	24 th September 2012
Fund size	₦23.09bn
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 Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held its meeting on the 21st and 22nd of November 2016. Expectedly, the MPC maintained the Monetary Policy Rate at 14%, the Cash Reserve Ratio at 22.5% and the Liquidity Ratio at 30%. This was done in spite of a contraction of 2.24% in GDP for Q3 2016 (Q2 2016: 2.06%) and a rising inflation rate (October 2016:18.33% vis-à-vis September:17.85%). CBN, which continues to focus on foreign exchange stability even as a wide gap remains between the official and parallel market rates, stated that there were limitations in the application of Monetary policy tools when managing stagflation.

CBN offered N140 billion worth of Open Market Operations (OMO) Bills and sold N168.68 billion at the same rates of 18% and 18.50% for mid-tenured and long end bills, respectively. Although OMO yields stayed at the same levels, the Primary Market Auction reflected the GDP and inflationary figures. While the 91 day bill opened the month at 14% and closed at 13.99%, the 182 and 364 day bills trended up from 17.09% and 18.30% to 17.40% and 18.70%, respectively.

Liquidity seeped out of the interbank market at the start of November on the back of OMO sales and FX debits. Rates opened at 13% but rose to 30% during the month as the market experienced further tightness. Respite came through OMO maturities and Federal Accounts Allocation Committee Inflow of N148 billion. Consequently, interbank rates closed the month at 10%.

Fund and market outlook

The Fund witnessed improved performance in November as the Fund Manager continued to leverage on higher yields obtainable in the market. The 30 day moving average yield was 13.68% while the yield as at November 30th was 14.51%. Rates are expected to remain at these levels in the short to medium term and hence the portfolio will continue to benefit from these opportunities.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	8.1%	7.1%	10.05%	11.50%	13.68%

Asset Allocation Ranges

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

Current Allocation

