

## FBN Money Market Fund

www.fbncam.com

All data as at 30th September 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	₦36.61bn
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 2.0% 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

September commenced with investors concerned about the full implementation of the Treasury Single Account (TSA) as directed by the Presidency. Investor's were bearish on the Treasury bill market in order to ease off liquidity to meet up with the TSA deadline; yields widened to about 16% on the short to mid end of the curve. However, there was a reversal in yields in the last two weeks of the month, due to inflows from Open Market Operations (OMO) bills maturities, state bailout funds and funds from the Federal Account Allocation Committee (FAAC).

The Monetary Policy Committee tweaked the Cash Reserve Requirements (CRR) from 31% of total deposit liabilities to 25%, the reduction was to inject liquidity into the interbank market. The committee left all other key metrics unchanged. The Fund took advantage of the high yields recorded during the bearish periods in the financial markets by re-allocating some of its short dated treasury bills to mid-long tenured bills at more attractive yields.

#### Fund and market outlook

We forecast in October the anticipation of highly liquid financial markets would drive demand for money market securities, possibly leading to yield compression at the short and mid end of the yield curve. A total inflow into the markets of N1.5trn is anticipated on the back of the following; N668.7bn from OMO bills maturities, N700bn following the CRR adjustment, an estimate of N222bn should be credited from the Statutory Revenue Allocation (SRA). However, a series of OMO issuances from the Apex bank, in a bid to mop up excess liquidity, should lead to increased yields on announcement days. Overall we see yields at current levels of sub 12%.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

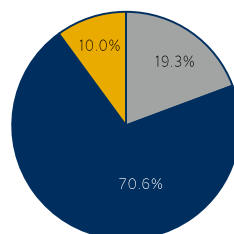
##### Historic prices and yields

	May-15	June-15	July-15	Aug-15	Sept-15
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	13.8%	13.6%	14.4%	13.5%	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



- Bank tenored deposits
- Treasury bills and short term government securities
- Commercial papers