

INVESTING

FBN MONEY MARKET FUND

All data as at 31 October, 2016 unless otherwise stated



Fund overview

Investment objective

The Fund seeks to maximise investment return through exposure to Nigerian money market securities and to preserve capital. The Fund's composition of a broad, diversified portfolio of short-term, high quality money market securities ensures a high degree of liquidity and safety.

Fund facts

Fund Manager	Ifeoluwa Dixon, Tutu Adekoya CFA
Agusto & Co. rating	Aa-(f)
Fund launch date	24 th September 2012
Fund size	₦22.03bn
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 an efficient savings alternative to cash deposits and typically offers competitive rates of return. The Fund aims to offer a high level of security coupled with a competitive yield.

Investor profile

The Fund is suitable for investors who are seeking an alternative to cash deposits for their short term or medium-term cash investments, including the liquid components of investment portfolios.

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 interbank market opened October at ₦6.4 billion and experienced bouts of liquidity during the month. However, by the second week, liquidity dried up (-₦135.0 billion) as the Central Bank of Nigeria (CBN) informed the market of their plan to sell Foreign Exchange (FX) Forwards in a bid to clear the backlogs on matured FX obligations for raw materials, machineries for the manufacturing sector, agricultural chemicals and airlines. The volume offered to the market was approximately US\$814.0 million. As a result of persistent Open Market Operations (OMO) bill issuance and the aforementioned FX Forwards, Open Buy Back (OBB) and Overnight (O/N) rates which opened the month at 16.0% levels spiked to 150.0%, as Banks scrambled to make provision. However, as the result of the FX forward sales were released and the information that CBN sold only US\$313.0 million filtered into the market, OBB and O/N rates trended back down to 12.0% levels and closed the month at 13.0%.

The CBN maintained its OMO rates at 18.0% and 18.5% for tenors between 180 day-203 day and 338 day-364 day respectively. Rates remained stable at the Treasury Bill Primary Auctions held in October. The 91, 182 and 364 day bills opened at 13.9%, 17.1% and 18.3% respectively and closed at 14.0%, 17.1% and 18.3% respectively. This was partly due to limited interest in the 91 day bills and preference for OMO bills with maturities around 182 day and 364 day periods in view of their higher yields.

Fund and market outlook

The Fund Manager continued to optimise the Fund's portfolio during the month and was able to take advantage of improved yields by replacing maturing obligations at higher rates. Consequently, the 30 day moving average of the Fund rose to 11.5% by month end, while the daily yield on October 31st 2016 was 12.8%. In the near term, we will continue to leverage on strategic opportunities in order to further improve the Fund's performance.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and positioning

Historic prices and yields

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	7.8%	8.1%	7.1%	10.05%	11.50%

Asset allocation ranges

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

Current allocation

