

INVESTING

FBN MONEY MARKET FUND

All data as at October 31st 2017 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
Fund launch date	24 th September 2012
Fund size	₦49.37bn
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 month started off quiet with sideways trading on most maturities as market players waited for direction from the 1yr Treasury bill auction which, dropped from 17.00% recorded at the last auction in September 2017, to 15.72% in October 2017 with a further decline to 15.59% at the last auction in October 2017.

There were large sell-offs during the month due to the persistent illiquidity in the interbank market which spurred the bearish trend on the very short end of the curve. Most of the activity was on the November 2017, December 2017 and January 2018 treasury bills which moved over 100bps month on month to close at 19.50%, 19.00% and 17.25% from 18.50%, 18.45% and 17.00% respectively. The long dated papers hovered around 15.00% to 15.25%, leading to very little activity in those bills.

The Central Bank of Nigeria conducted a series of Open Market Operations (OMOs) to mop up liquidity. A total of N730bn was offered and N567bn was sold out of N570bn subscriptions. The stop rate of the long dated maturities offered dropped to 17.80% from 17.92% recorded at the start of the month.

The FBN Money Market Fund's 30 day moving average yield closed at 17.90% compared with 18.67% recorded in the previous month. The Fund's benchmark closed at an average of 17.19%. The yield on the 31st of October was 18.28%.

Fund and market outlook

We expect rates in the treasury bills market to hover around current levels if there is no significant intervention in the foreign exchange market. The Fund manager will continue to actively manage the fund and ensure competitive yield is achieved.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Jun-17	Jul-17	Aug-17	Sept-17	Oct-17
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	18.62%	18.21%	18.39%	18.67%	17.90%

Asset Allocation Ranges

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

Current Allocation

