

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31st January, 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
Agusto & Co. rating	Aa-(f)
Fund launch date	24 <sup>th</sup> September 2012
Fund size	₦26.58bn
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> 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 started the year at a liquidity level of ₦179 billion while market rates opened at 10%. In spite of the Central Bank of Nigeria reducing the frequency of Open Market Operations (OMO) auctions during the month, bouts of liquidity tightness were witnessed on the back of funding for OMO and Bond auctions as well as Special FX intervention. These caused rates to trend slightly upwards to 15% in the interbank market. However, these were countered by inflows from Federation Accounts Allocation Committee (FAAC), refund of cash reserve ratio and bond coupon payment. Consequently, the market liquidity closed the month at ₦325 billion with rates at 5%.

Yields in the Treasury Bill secondary market trended downwards across all maturities but were more noticeable at the short - mid end of the curve as the market channeled the excess liquidity in the system into these securities. The persistent rise in inflation rate (18.55%: Dec 2016, 8.48%: Nov 2016, 18.33%: Oct 2016) coupled with uncertain foreign exchange policies continues to drive limited interest in long dated bills. There were two Treasury Bill Primary Market auctions in the month, rates at the last auction dipped relative to the first auction by an average of 0.11%, 0.25% and 0.03% for the 91, 182 and 364 day respectively. However, the Central Bank of Nigeria retained OMO rates at 18.00% and 18.60% for mid and long tenured bills, respectively.

#### Fund and market outlook

The Fund has been able to take advantage of higher market yields and significantly boost performance. On January 31st 2017, the Fund's yield stood at 15.14%, outperforming its 91 day Treasury Bill benchmark which closed the month at 13.80%. The weighted average yield for the month was 15.17% in comparison to 14.87% in the previous month. In the short term we may see a continued downward drift in yields provided the market remains liquid and the Central Bank abstains from aggressive issuance of OMO bills. However, it is expected that this trend may reverse in the medium term.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

#### Historic prices and yields

	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	10.05%	11.50%	13.68%	14.87%	15.17%

#### Asset Allocation Ranges

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

#### Current Allocation

