

INVESTING

FBN MONEY MARKET FUND

All data as at 30th June, 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	₦71.88bn
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.

^{^^} 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 major highlights for the month of June were the announcement of a flexible exchange rate in the foreign exchange (FX) market by the Central Bank of Nigeria (CBN) and the May inflation figure that printed at 15.6% (an increase from 13.7% that was recorded for the month of April).

The new FX framework was announced on June 15th and operations commenced on June 20th 2016. The guidelines unveiled a single FX market through the autonomous/interbank market, with the CBN participating in the FX market via interventions directly in the interbank market or through dynamic secondary market intervention mechanism.

In June, interbank liquidity was ₦996.03 billion as a result of the FX prefunding that was credited into the system by the CBN. The excess liquidity was short lived as the first FX special auction was conducted, and \$4.08 billion was sold at N280/\$. The special auction mopped up about N1.14 trillion and left the system with a deficit of N156.88 billion. Open Buy Back and Overnight rates got to a high of 150% and 200%, but retracted to close at 10% and 12% respectively.

The Treasury Bills market witnessed mixed reactions, which was dictated by the interbank liquidity level. The CBN did a special Open Market Operations (OMO) auction at 13.50% for 363 days where N205.94 billion was mopped up from the interbank, while the last concluded Primary Market Auction had its stop rates at high levels across all auctioned maturities; the 91 day closed at 9.9948%, 182 day at 12.3000% and 364 day stopped at 14.9990%.

The Fund closed the month at 8.16%.

Fund and market outlook

We forecast changes in the capital markets to be dictated by the outcome of the Monetary Policy Committee meetings in July. In the absence of any significant changes to the interest rate environment, we anticipate yields will react to the level of liquidity at any given time.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic prices and yields

	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	7.6%	7.2%	7.3%	7.8%	8.8%

Asset Allocation Ranges

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

Current Allocation

