

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31st March, 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
Agusto & Co. rating	Aa(f)
Fund launch date	24 <sup>th</sup> September 2012
Fund size	₦93.94bn
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> 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 unexpected change in the monetary policy stance by the Central Bank of Nigeria from expansive (low interest rates) to restrictive (high interest rates) resulted in a somewhat positive change for investors as yields increased. The Monetary Policy Committee (MPC) increased the Monetary Policy Rate (MPR) by 100bp to 12.00% and adjusted the asymmetric corridor around the new MPR from -700bp/+200bp to -500bps/+200bps.

The goal of the alteration of the monetary policy is to reduce the amount of liquidity in the system and curb inflation which returned to double digits as headline inflation for the month of February hit 11.4% from 9.6% in January.

Open Buy Back (OBB) and overnight rates (OV) opened at 1.04% and 1.38% rose to the month's peak of 12.67% and 13.75% respectively post the MPC announcement. However, Open Market Operation bill maturities of 178bn, which lingered longer in the system due to investors demanding higher yields, reduced OBB and OV to close the month at a rate of 5.58% and 6.42% respectively.

Month-on-Month, yields on the short, mid and long end of the treasury bills curve increased by 69bps, 228bps and 126bps respectively. Reserves remained stable at \$27.8bn and the Naira traded within the bands of ₦198.01-₦199.27 as the Central Bank of Nigeria (CBN) maintained its weekly intervention.

#### Fund and market outlook

Yields in the treasury bills market are expected to increase on the back of investors demanding a higher risk premium due to the macro economic headwinds in the Nigerian economy and the new restrictive stance adopted by the CBN. We anticipate these factors will positively impact the Fund's returns.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

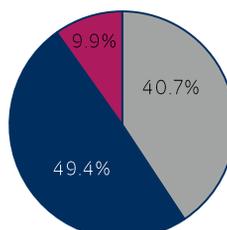
##### Historic prices and yields

	Nov-15	Dec-15	Jan-15	Feb-16	Mar-16
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	10.7%	8.6%	7.6%	7.6%	7.2%

#### 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