

FBN Money Market Fund

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All data as at 31st May 2014 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	Michael Oyebola
Assistant Fund Managers	Ifeoluwa Dixon, Opeyemi Odejide
Agusto & Co rating	Aa(f)
Fund launch date	24 th September 2012
Fund size	₦27.3bn
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 Interbank market was liquid throughout the month of May. The market opened with circa ₦700bn and this rose to a high of ₦1tr before retracting to close at approximately ₦555bn; maturing government securities contributed largely to the liquidity level witnessed. Treasury bills and other short-term government securities experienced a significant decline in yields, down to single digit figures, during the month with domestic investors at the forefront of trading volumes. Overall, average Treasury Bill yields declined by over 100 basis points (bps) from the end of April. The May Monetary Policy Committee (MPC) meeting acknowledged the success of monetary policy measures in attaining price and exchange rate stability. During this meeting, the MPC retained the Monetary Policy Rate (MPR) of 12% and the Cash Reserve Ratio (CRR) on public and private sector deposits remained at 75% and 15% respectively.

Market Outlook

Elevated Inter-Bank market liquidity is expected to persist in June as approximately ₦803bn of government securities mature during the month. To this end, rates are expected to remain at current levels for both government securities and fixed deposits. The market is to welcome the new Central Bank of Nigeria (CBN) governor and his expected Key Performance Indicators will dictate market direction. The Fund will continue to seek value within the set asset allocation and risk limits.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic Prices and Yields

	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	11.3%	11.5%	11.9%	11.8%	11.2%

Asset Allocation Ranges

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

Current Allocation

