

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31st May, 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	₦86.08bn
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

During May, the interbank liquidity averaged N261 billion, a decline of 38.4% from N423 billion recorded in April. The decline was majorly attributed to the Asset Management Corporation of Nigeria (AMCON) Sinking Fund debits that went across all banks. Due to the decline in the interbank liquidity, interbank lending rates increased by 91bps to 9.45%. The overnight, 30 days, 90 days and 180 days rates expanded by 14bps, 116bps, 126bps and 109bps respectively to close at 3.76%, 9.36%, 11.65% and 13.13% respectively.

For the third month consecutively, average yield in the Nigerian Treasury Bills market expanded. The yield expansion occurred throughout the curve; short end maturities rose 103bps on average in comparison to the previous month increase (from 6.90% to 7.93%), mid end recorded an increase and closed at an average of 9.28%, whilst long end maturities experienced the most pressure, rising by 142bps to close at an average of 11.13%. The treasury bill market rallied on the back of an increase in inflation rate, and the expectation by investors for the Central Bank of Nigeria to increase interest rates.

The Monetary Policy Committee (MPC) resolved to introduce a flexible interbank foreign exchange market while retaining a small window for funding small transactions (with details to be made available by the central bank), in its May 23<sup>rd</sup> and 24<sup>th</sup> meeting.

During the market rally, the Fund Manager repositioned the Fund by investing more at the long end of the curve when rates were at its peak. The Fund closed the month at 7.78%.

#### Fund and market outlook

We anticipate the introduction of the flexible interbank foreign exchange as communicated at the last MPC meeting will impact the market (direction unknown). The Fund Manager will continue to monitor market trends.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

##### Historic prices and yields

	Jan-15	Feb-16	Mar-16	Apr-16	May-16
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	7.6%	7.6%	7.2%	7.3%	7.8%

#### Asset Allocation Ranges

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

#### Current Allocation

