

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31 May 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
Fund launch date	24 <sup>th</sup> September 2012
Fund size	₦40.17bn
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 Monetary Policy Committee (MPC) met in May; there was no surprising outcome from the meeting, as the Committee maintained all key indices resulting in no shock to the market. The interbank market was not starved with liquidity as there were inflows from Open Market Operation (OMO) maturities (N323.38bn), FGN Bond coupon payments (N39.54bn), Foreign Exchange refunds (unknown amount) and the Federal Accounts Allocation Committee (FAAC) disbursement (circa N200.00bn).

During the month, the treasury bills secondary market was full of activity, characterised with mixed sentiments. It started out bullish as participants bought up the short dated papers in a bid to invest their excess cash from the various inflows as stated above. However, following a Special Treasury bills sale of about N326.00bn by the Central Bank of Nigeria (CBN), consistent Open Market Operation (OMO) and Foreign Exchange (FX) interventions; all these, spurred a sell off across the short to mid end of the yield curve. The sell offs reversed towards the end of the month as interest picked up, mainly on the short end of the curve. June maturities shed an average of 200 basis points (bps) from the 20% levels that were recorded during the month to 17% levels by the end of the month.

The FBN Money Market Fund's 30 day moving average yield rose to 17.67% compared with 17.37% recorded in the previous month. The yield on the 31<sup>st</sup> of May was 17.75%.

#### Fund and market outlook

We anticipate continued demand for treasury bills at the short end of the curve in the month of June as participants invest their excess liquidity, however we also expect some moderation as the CBN intervenes via OMO auctions and FX Secondary Market Intervention Sales (SMIS).

The Fund Manager will maintain its strategy, as this gives room for market swings that will enhance the performance of the Fund.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

##### Historic prices and yields

	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	15.17%	15.88%	17.10%	17.37%	17.67%

#### Asset Allocation Ranges

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

#### Current Allocation

