

FBN Money Market Fund

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All data as at 30th November 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	₦24.83bn
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 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

Market activities around the world were mainly driven by the decline in oil prices as investors and traders reacted to the significant decline. Considering that in recent years emerging markets had been the beautiful bride of global investors due to their higher yielding assets, oil producing emerging markets came under severe scrutiny with analysts shining spotlights on those countries. The U.S economy continued to show some measure of strength whilst on the contrary, the Euro zone showed significant weakness as speculators continued to envisage sovereign debt buying by the European Central Bank. Domestic Money Market rates were very volatile in the month under review on the back of declining oil prices. Inter-bank rates rose from a moderate level of 10% to as high as 25% on some trading days whilst treasury bill rates rose from 10% levels to 13% levels. The effects of declining oil prices and the resulting pressure on the Naira forced the Central Bank of Nigeria to take monetary tightening actions at the Monetary Policy Committee meeting during the month. The apex bank increased the monetary policy rate from 12% to 13% and increased the private sector Cash Reserve Requirement from 15% to 20%.

Market Outlook

Domestic money market rates in the month ahead will continue to be significantly influenced by international oil prices. On the back of OPEC failure to cut supply, we expect further pressure on oil prices and in turn the Naira. We therefore see room for further tightening by the apex bank. The result of further tightening will be a higher interest rate environment further enhancing the Fund return to investors.

Benchmark

91 days Nigerian Treasury bill (NTB)

Performance and Positioning

Historic Prices and Yields

	Jul.-14	Aug.-14	Sep.-14	Oct.-14	Nov.-14
Price (₦) [^]	100.00	100.00	100.00	100.00	100.00
Annualised yield ^{^^}	10.6%	10.6%	10.8%	10.5%	10.6%

Asset Allocation Ranges

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

Current Allocation

