

# INVESTING

## FBN MONEY MARKET FUND

All data as at 31st October 2015 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	₦54.10bn
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 Treasury Bill market maintained a buy bias throughout October, supported by strong interbank liquidity and expectations of a policy rate drop. During the month under review, interbank liquidity reached highs of ₦1.2trn and lows of ₦301mn, while an average of ₦722mn was recorded in the system in October. Open Market Operation (OMO) maturities of c₦669bn, a Cash Reserve Requirement (CRR) of c₦780bn and the Federal Allocation Account Committee (FAAC) inflow of c₦160bn all led to the lingering market liquidity witnessed in October. The 90 day benchmark T-Bill yield dropped by an average of 270bps from 10.8% to 7.1% at the end of the month.

Overnight and Open Buy Back rates dropped to an all time low of 0.5% but reversed to 5.0% levels towards the end of the month as liquidity slightly thinned out to approximately c₦344bn. The decline in interbank liquidity was due to Treasury Single Account (TSA) debits and Foreign Exchange (FX) pre-funding.

There have been no changes in the modalities of the FX market as the Central Bank of Nigeria (CBN) maintained the exchange rate at ₦197.00 via the intervention window.

#### Fund and market outlook

Yields are expected to trend lower in November due to expectations of the CBN keeping the market liquid, and a possible policy rate drop at the next MPC meeting. The Fund Manager will continue to be proactive in managing the Fund to ensure yield stability.

#### Benchmark

91 days Nigerian Treasury bill (NTB)

#### Performance and Positioning

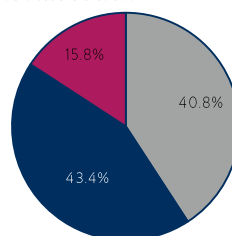
##### Historic prices and yields

	June-15	July-15	Aug-15	Sept-15	Oct-15
Price (₦) <sup>^</sup>	100.00	100.00	100.00	100.00	100.00
Annualised yield <sup>^^</sup>	13.6%	14.4%	13.5%	13.8%	12.4%

#### 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