

# STANBIC IBTC MONEY MARKET FUND (“SIMM”) QUARTERLY FUND FACTSHEET Q3: 2016



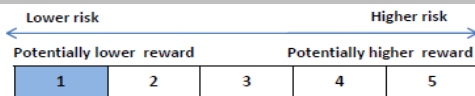
## FUND FACTS

|                              |   |
|------------------------------|---|
| Fund Manager                 | Stanbic IBTC Asset Management Limited                     |
| Launch Date                  | Feb-10  |
| Fiscal Year End              | December  |
| Status of Fund               | Open Ended  |
| Initial Investment           | ₦50,000   |
| Additional Investment        | ₦50,000   |
| Distribution Frequency       | Quarterly   |
| Handling Charge              | 0.5% of redemption proceeds for withdrawals under 30 days |
| Fund Rating                  | Aa (f) by Agosto & Co.                                    |
| Bloomberg Ticker             | STANIMM NL Equity   |
| Benchmark TTM                | Q3 2016<br>90-days  |
| 30 day rolling average yield | 13.51%  |
| 60 day rolling average yield | 12.32%  |

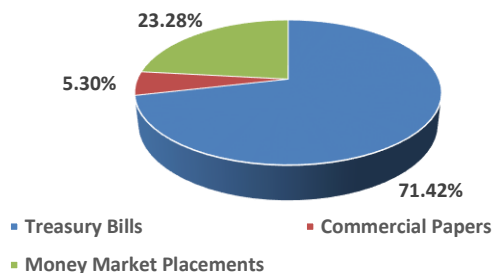
## FUND PERFORMANCE

| Year End                   | Q3 2016 | Q2 2016 | Q1 2016 | 2015 | 2014  | 2013  | 2012  |
|----------------------------|---------|---------|---------|------|-------|-------|-------|
| <b>Effective Yield (%)</b> | 14.18   | 8.64    | 6.27    | 8.59 | 11.10 | 10.93 | 13.12 |
| <b>*91 days WATBR (%)</b>  | 13.63   | 1.93    | 1.19    | 9.48 | 10.51 | 10.87 | 13.72 |

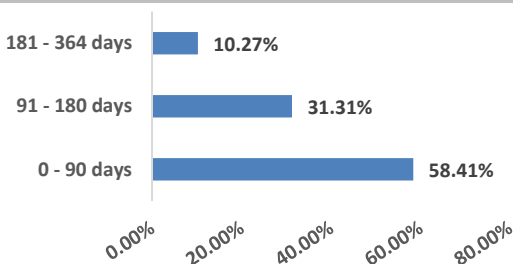
\*Weighted Average T-bills Rate



## ASSET ALLOCATION AS AT 30 SEPTEMBER 2016



## MATURITY PROFILE AS AT 30 SEPTEMBER 2016



## FUND OBJECTIVE

The primary objective of the Fund is to obtain as high a level of current income as is consistent with capital preservation. The Fund is for investors with low risk appetite who aim to maximize current level of income while preserving capital invested.

The Fund seeks to achieve its stated objective of delivering competitive returns investing 100% of its assets in low risk short-term securities such as Treasury Bills, Commercial Papers, Banker's Acceptances, and Certificates of Deposit with institutions that are rated not less than "A" by at least one recognized local rating agency registered with the Securities and Exchange Commission.

## INVESTMENT BENEFITS

- Quarterly income streams
- A well-diversified portfolio of fixed income instruments
- Professional management
- Competitive returns that rival fixed deposit rates
- Flexibility as obtainable on current accounts
- Capital preservation
- Direct debit initiative
- Liquidity Management

## INVESTMENT RISKS

- Inconsistent monetary policy
- Credit risk
- Political risk
- Interest risk

## PORTFOLIO MANAGER'S COMMENT

The Stanbic IBTC Money Market Fund (SIMM) which opened the quarter at 8.64% p.a. moved up by circa 600 basis points to close the quarter at 14.18% p.a. The upward movement in the effective yield of SIMM fund reflects the upward trajectory of interest rates in the market following aggressive mop of excess liquidity in the system by the apex bank.

During the quarter, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met in July and September. In July, the committee in a bid to stem the negative effect of excess liquidity in the system on forex, ensure the stability of the Naira while keeping interest rates attractive to foreign investors; increased the Monetary Policy Rate (MPR) by 200 basis points from 12.00% to 14.00% while other monetary policy tools were held constant. In the same vein, the status quo was maintained at the MPC meeting in September.

Liquidity in the system remained tight for most part of the quarter as CBN's aggressive issuance of Open Market Operations (OMO) bills to mop up excess liquidity left the market short. Consequently, yields in the secondary market, particularly with respect to treasury bills, rose by circa 460 basis points from 13.50% p.a. to 18.00% p.a. across the curve. Also, OMO issuances ranged between 180 to 355 days and closed at an average rate of 18.00% p.a. while Overnight and Open Buy Back rate rose as high as 35.00% p.a. following liquidity squeeze in the market, but moderated to close at 18% p.a. due to inflows from FAAC as well as Treasury bills and OMO maturities. As such, the 91, 182 and 364 day treasury bills which opened the quarter at 9.9948% p.a., 12.3000% p.a. and 14.9990% p.a. closed at 14.0000% p.a., 17.2700% p.a. and 18.3000% p.a. respectively.

In light of the rising interest rate in the market, the Fund Manager exited low yielding bills in the Fund and re-invested the proceeds in higher yielding money market instruments. Furthermore, the Fund Manager extended duration and increased exposure to Treasury bills with attractive yields which improved the effective yield by circa 600 basis points to 14.18% p.a.

## INVESTMENT STRATEGY

We expect the CBN to continue to curtail liquidity in the system through increased issuance of OMO bills in order to ensure price stability and support the flexible exchange rate policy. Consequently, we expect yields to continue to hover around 13.00% p.a. to 18.50% p.a. across the curve.

In view of our outlook, we will continue to extend duration on attractive maturities while keeping the weighted average maturity closer to the limit of 90 days as required by Securities and Exchange Commission guidelines. In addition, we would seek to bank profit on Treasury bills as the opportunities arise.

## EFFECTIVE YIELD

