

AIICO MONEY MARKET FUND

MAY | 2023



OVERVIEW

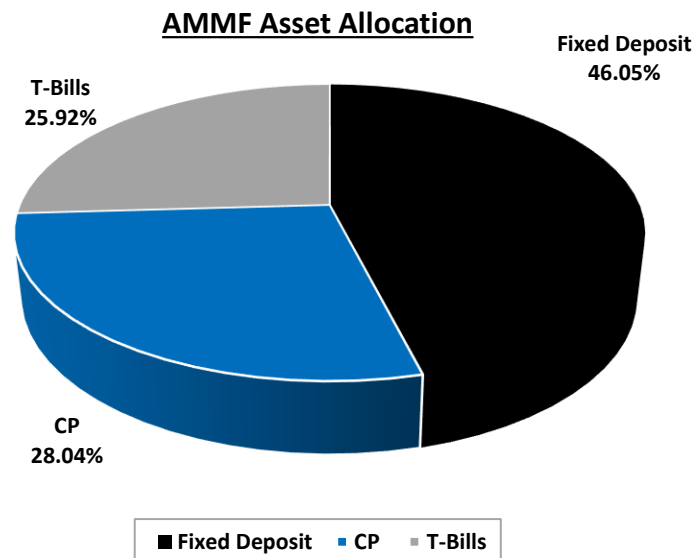
AIICO Money Market fund is an open-ended collective investment vehicles that pools investment monies from various individuals, Corporate organizations and High Net-worth Clients (HNC) for the purpose of investing in money market securities, designed to produce short to medium term growth, income or a combination of the two.

INVESTMENT OBJECTIVES

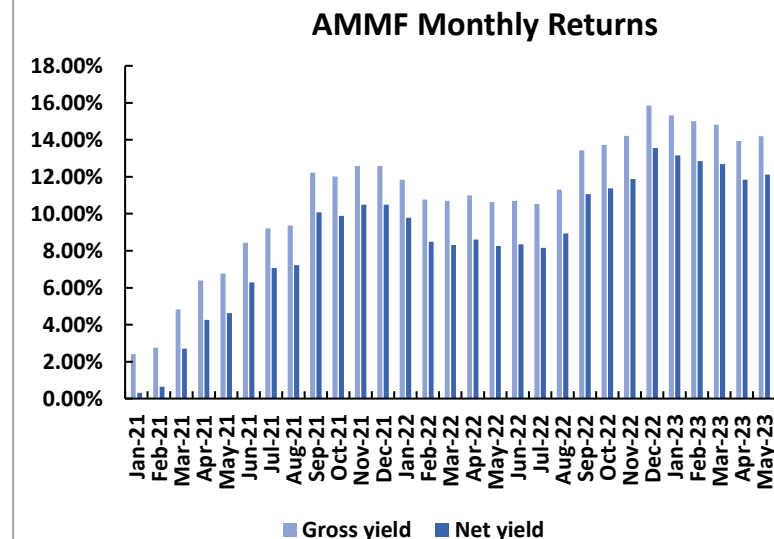
The investment objective of the Fund is to generate regular income for unit holders by investing in high-quality, liquid, and short-tenor fixed income instruments whilst ensuring safety of principal.

ASSET ALLOCATION

In seeking to achieve all of the fund's objective, and inline with the SEC rules, the asset allocation of the fund is shown below:



AMMF	28-Apr-23	31-May-23
Gross Return	13.93%	14.20%
Net Return	11.85%	12.12%
Weighted Average Maturity	51.36	87.88
Rating (GCR)	A	A
Minimum Entry	N10,000	N10,000
Minimum Holding Period	90 Days	91 Days
Benchmark	91 Day Tbill	91 Day Tbill
Benchmark Rate	5.30%	2.29%



FUND PERFORMANCE

The AIICO Money Market Fund recorded a net yield of 12.12% p.a in May'2023, compared to 11.85% recorded in Apr'2023 and outperformed the benchmark closing rate (91-day NTB) of 2.29%.

This can be attributed to the fund's prudent investment in high yielding fixed deposits and short-term securities such as commercial papers (CPs) and composite Treasury bills. The fund closed the month with a weighted average tenor of c.87.88 days.

It was a relatively liquid month in May, significantly better than the previous month, as buoyant liquidity periods were observed. Though, there were liquidity crunch moments, which were fueled by the bi-weekly Retail SMIS auction, the FGN bond auction and mild CRR debits. For context, in May'2023, system liquidity averaged c.N307.12bn compared to c.N17.06bn, recorded in Apr'2023. Consequently, the Overnight Policy Rate (OPR) and Overnight (ON) rates declined to an average of c.12.38% and 12.87% respectively in May'2023 compared to 16.98% and 17.35% recorded in the previous month.

The Treasury Bills market opened with mixed to bearish market sentiment as investors sold off holdings after the April 2023 Retail SMIS auction & CRR debit. However, prior to the preliminary auction, there was renewed buying activity at the long end of the curve which drove lower rates at the auction compared to the previous month. Lost bids moved to the secondary market, and the buying trend continued until the end of the month, resulting in a significant dip in stop rates.

Overall, the average mid yield declined by 256bps M-o-M to settle at 3.87%.

At the closing NTB auction, stop rates for the 91-day, 180-day and 364-day papers declined to 2.29%, 4.99% and 7.99% respectively. This represents an average decline of c.2.73% from 5.30%, 8.00% and 10.17% recorded at the last auction in Apr'2023.

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