AIICO MONEY MARKET FUND

JULY | 2023

AIICO CAPITAL

OVERVIEW

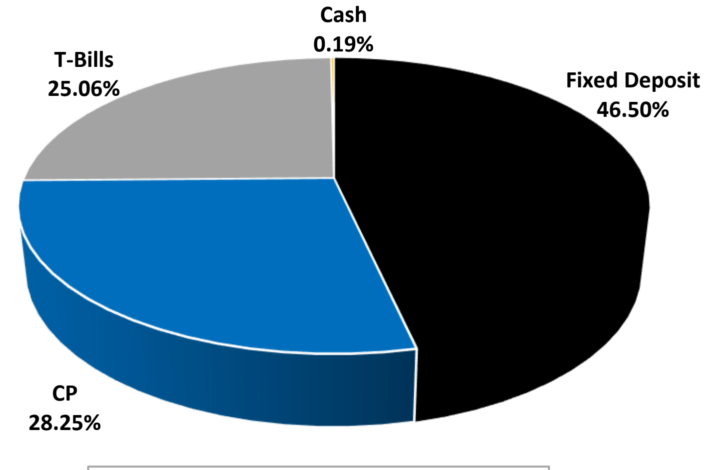
AIICO Money Market fund is an open-ended collective investment vehicles that pools investment monies from various individuals, Corporate organizations and High Net-worth Clients (HNC) for the purpose of investing in money market securities, designed to produce short to medium term growth, income or a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

INVESTMENT OBJECTIVES

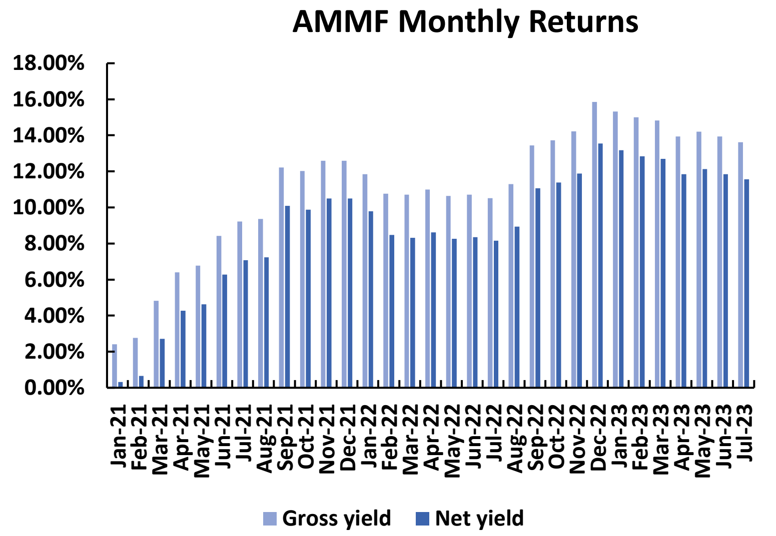
The investment objective of the Fund is to generate regular income for unit holders by investing in high-quality, liquid, and short-tenor fixed income instruments whilst ensuring safety of principal.

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	30-Jun-23	31-Jul-23
Gross Return	13.94%	13.61%
Net Return	11.85%	11.56%
Weighted Average Maturity	87.28	77.77
Rating (GCR)	A	A
Minimun Entry	N10,000	N10,000
Minimum Holding Period	91 Days	91 Days
Benchmark	91 Day Tbill	91 Day Tbill
Benchmark Rate	2.87%	6.00%



FUND PERFORMANCE

The AIICO Money Market Fund recorded a net yield of 11.56% p.a in July’2023, compared to 11.85% recorded in June’2023, but outperformed the benchmark closing rate (91-day NTB) of 6.00%.

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 Treasury bills. The fund closed the month with a weighted average tenor of c.77.77 days.

Low interbank rates and increased system liquidity (driven by FAAC inflows) extended into the first few weeks of July 2023. Funding obligations were low across banks and rates hovered in the range of 0.8% and 2.5% as early system liquidity estimates came in at c.₦700bn. However, mid-month, the system began to run low on liquidity, due to the FGN bond auction, where the DMO oversold by c.₦300bn, effectively turning the market's liquidity status negative. As a result of the increased demand to meet funding obligations, interbank rates spiked to above c.11.30% levels, even reaching a high of c.21%, before closing at 1.00% levels due to late influx of coupon and FAAC credits.

The Treasury Bills market opened on a tranquil note, albeit with moderate buying interest observed on the mid to long-term papers. Ample demand from fund managers and pension fund houses drove the initial auction of the month, as stop rates on the mid to long tenor declined significantly. However, post-NTB auction, market players resisted rate levels, causing quiet sessions with weak demand seen on the long end at 6.00% levels. Most activity skewed to the short end at sub 2.00% levels.

Following the 25bps hike in MPR to 18.75% at the latest MPC meeting, the closing NTB auction saw the stop rates for the 91, 180 and 364-day papers rise by 313bps, 363bps and 592bps to 6.00%, 8.00% and 12.15%, respectively. Thus, representing an average increase of 423bps M-o-M. This shocking NTB auction result spurred the market to react sharply with bids and offers rising significantly to 10.00% - 11.00% post auction. Overall, the total NTB primary market subscription for the month printed at c.₦1.09 trillion, while c.₦406.10 billion was offered and same was allotted.

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