

AIICO MONEY MARKET FUND

AUGUST | 2023



OVERVIEW

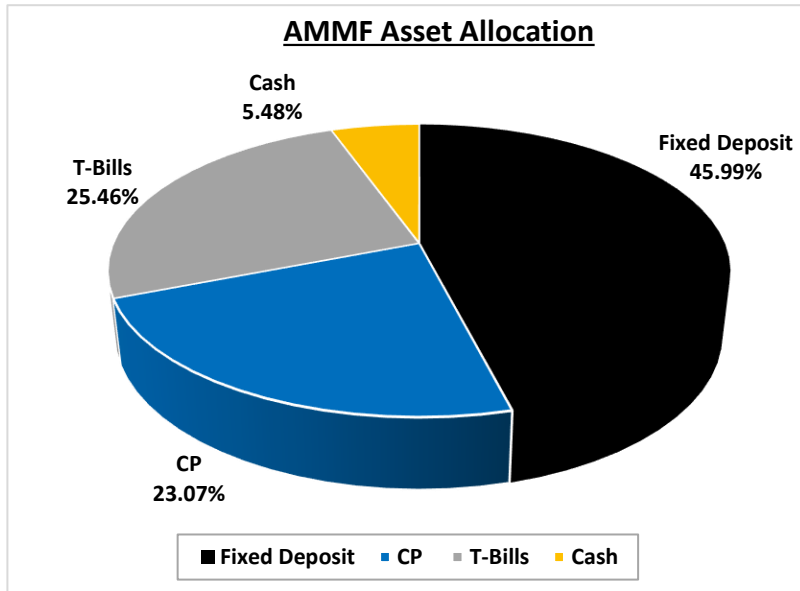
AIICO Money Market fund is an open-ended collective investment vehicles that pools investment monies from various individuals, Corporate organizations and High Net-worth Clients (HNC) for the purpose of investing in money market securities, designed to produce short to medium term growth, income or a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

INVESTMENT OBJECTIVES

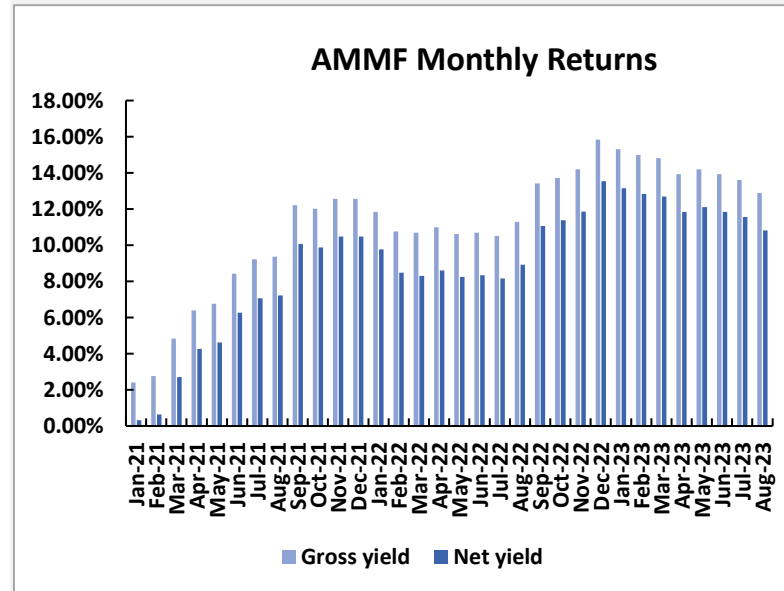
The investment objective of the Fund is to generate regular income for unit holders by investing in high-quality, liquid, and short-tenor fixed income instruments whilst ensuring safety of principal.

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	31-Jul-23	31-Aug-23
Gross Return	13.61%	12.89%
Net Return	11.56%	10.82%
Weighted Average Maturity	77.77	62.63
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	6.00%	5.19%



FUND PERFORMANCE

In August, the AIICO Money Market Fund showcased its unwavering prowess, achieving a net yield of 10.82% per annum, a testament to its astute investment strategy. Despite a marginal dip from the previous month's 11.56%, the fund outperformed the benchmark 91-day NTB rate of 5.19%, signaling its enduring strength.

This stellar performance was underpinned by judicious investments in high-yielding fixed deposits and short-term securities, such as commercial papers and Treasury bills, resulting in a weighted average tenor of approximately 62.63 days.

The financial landscape, however, was marked by a rollercoaster of liquidity. Beginning robustly at around ₦800 billion, liquidity dwindled as the Central Bank of Nigeria's CRR debits impacted banks not meeting the 65% LDR requirement, accompanied by further debits from FGN bond auction winnings, causing negative system liquidity and soaring funding rates.

Later in the month, an influx of funds from FGN 2028 coupon inflows and FAAC credits breathed life into the system. Despite this, CBN interventions tempered liquidity, leading to a notable decline in system liquidity to ₦275.77 billion. This shift caused the Open Repo Rate (OPR) and Overnight Rate (OVN) to rise, contrasting with the favorable levels seen in July 2023.

Simultaneously, the Treasury Bills market demonstrated resilience, opening strongly despite CBN's CRR debits. The preliminary NTB auction saw rates decline, yet a bearish tone emerged following the CBN's first Open Market Operations (OMO) auction of the year, pushing closing rates higher, reaching 10.00%, 12.98%, and 14.49%.

Leading to the final NTB auction, tight liquidity prompted selloffs across the NTB curve. At the closing NTB auction for August, the 91-day paper's stop rate declined, the 180-day paper held steady, and the 364-day papers surged. Post-auction, excitement ensued, particularly for the newly issued one-year paper, with investors eager to recover lost bids, fueled further by FAAC and FGN coupons.

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