

# AIICO MONEY MARKET FUND

OCTOBER | 2023



## OVERVIEW

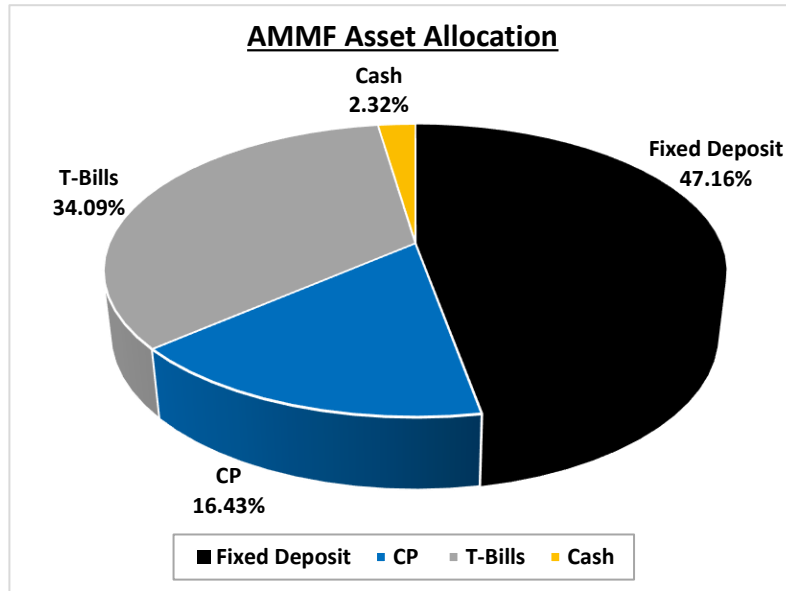
AIICO Money Market fund is an open-ended collective investment vehicles that pools investment monies from various individuals, Corporate organizations and High Net-worth Clients (HNC) for the purpose of investing in money market securities, designed to produce short to medium term growth, income or a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

## INVESTMENT OBJECTIVES

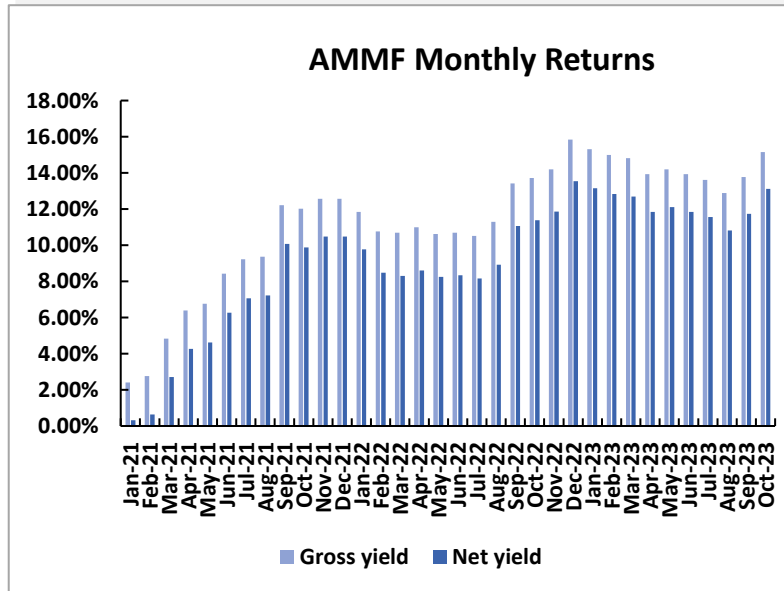
The investment objective of the Fund is to generate regular income for unit holders by investing in high-quality, liquid, and short-tenor fixed income instruments whilst ensuring safety of principal.

## 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	29-Sep-23	30-Oct-23
Gross Return	13.77%	15.16%
Net Return	11.74%	13.13%
Weighted Average Maturity	61.41	73.84
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	4.9900%	5.9990%



## FUND PERFORMANCE

In October, the AIICO Money Market Fund displayed robust growth, achieving an impressive annual net yield of 13.13%, a significant improvement from the 11.74% recorded in September. This outstanding performance surpassed the benchmark rate of 5.9990% represented by the 91-day NTB paper.

The fund's success was driven by prudent investments in high-yielding fixed deposits and short-term securities, including commercial papers and Treasury bills. As a result, the weighted average tenor of the fund's holdings stood at approximately 73.84 days.

At the beginning of the month, system liquidity was substantial, starting at around ₦800 billion. This surplus liquidity was mainly attributed to late FAAC credits and bond coupon inflows. Throughout the month, liquidity remained buoyant. However, towards the month's end, the CBN responded to persistent inflationary pressures and currency weakness by implementing measures like removing the ₦2 billion cap on SDF across deposit money banks, multiple CRR debits, over-allotment at the Treasury Bills auction, and OMO auctions. These actions caused system liquidity to drop to below ₦35 billion and led to interbank rates ranging between approximately 15.58% and 16.46% by month-end.

Overall, liquidity averaged ₦521.52 billion for the month, a significant increase compared to the ₦45.21 billion recorded in September. Additionally, the Open Repo Rate (OPR) and the Overnight Rate (ON) decreased, averaging at 3.87% and 4.90%, in contrast to the 10.40% and 11.12% observed in the preceding month.

Within the Treasury bills market, the ample liquidity encouraged early buyside activity, resulting in a decrease in rates at the initial auction of the month. The bullish sentiment persisted until the DMO raised stop rates significantly at the final auction for the month. This change prompted market selloffs post-auction. The bearish trend intensified after the CBN announced an OMO auction, with closing rates surpassing those of the NTB auction, triggering another round of selloffs to close the month.

Overall, stop rates on the 91-day, 181-day, and 364-day Treasury bills increased by an average of approximately 1.70% month-on-month, closing at 5.9990%, 9.0000%, and 13.0000%, respectively.

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