

AIICO MONEY MARKET FUND

DECEMBER | 2023



OVERVIEW

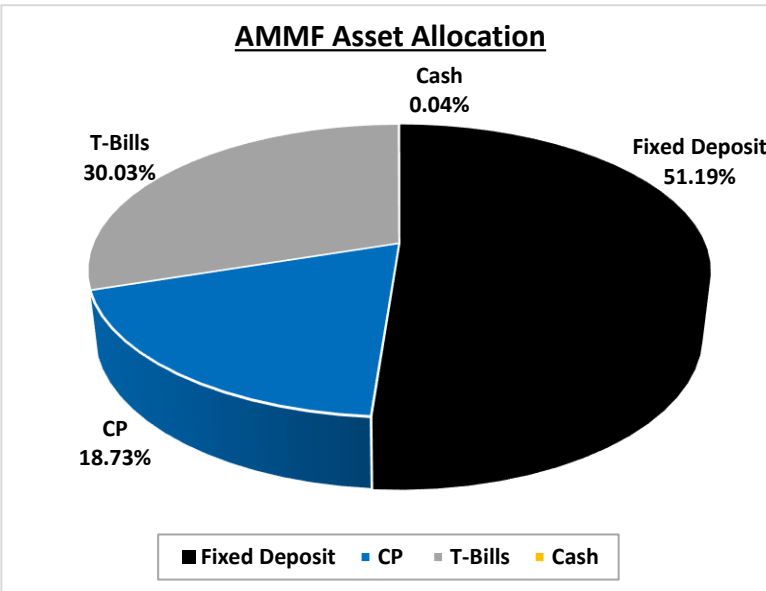
AIICO Money Market fund is an open-ended collective investment vehicles that pools investment monies from various individuals, Corporate organizations and High Net-worth Clients (HNC) for the purpose of investing in money market securities, designed to produce short to medium term growth, income or a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

INVESTMENT OBJECTIVES

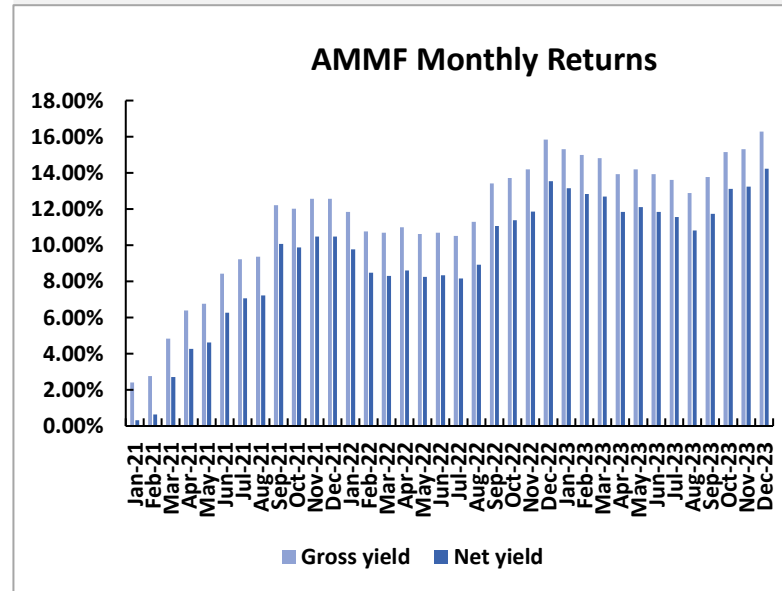
The investment objective of the Fund is to generate regular income for unit holders by investing in high-quality, liquid, and short-tenor fixed income instruments whilst ensuring safety of principal.

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	30-Nov-23	29-Dec-23
Gross Return	15.31%	16.30%
Net Return	13.25%	14.24%
Weighted Average Maturity	60.48	50.98
Rating (GCR)	A	A
Minimum Entry	N10,000	N10,000
Minimum Holding Period	91 Days	91 Days
Benchmark	91 Day Tbill	91 Day Tbill
Benchmark Rate	8.0000%	7.0000%



FUND PERFORMANCE

The AIICO Money Market Fund demonstrated significant growth in December, concluding the year with an impressive net yield of 14.24%. This performance positioned the Fund as the leading money market fund in the industry, surpassing the November figure of 13.25% and outperforming the benchmark rate of 7.00% set by the 91-day NTB paper.

The fund's success was attributed to prudent 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 50.98 days.

The financial system commenced the month with a positive liquidity position of approximately 404.09 billion. This upswing was propelled by FX OTC Settlements and delayed FAAC payments. However, liquidity took a downturn mid-month, entering negative territory due to persistent CRR debits and debits from overselling at NTB auctions. As the year concluded, this trend reversed, with positive flows from coupon and FAAC inflows.

Overall liquidity averaged ₦201.69 billion in December, marking an improvement from ₦111.38 billion in November. Consequently, the average Open Repo Rate (OPR) and Overnight Rate (ON) moderated to 17.25% and 17.94%, respectively, in contrast to the 19.00% and 19.91% observed in the preceding month.

Despite ample liquidity, the treasury bills market opened on a subdued note as market participants focused on the first auction of the month, which garnered significant subscriptions. Post-auction, the market witnessed increased activities, particularly at the short and long ends, notably with the new 1-year paper. Market players, seeking to fulfill unmet bids, drove demand. The market concluded the year quietly, recording an overall average mid-rate decline.

In the two auctions conducted by the DMO, approximately ₦521.83bn was offered and ₦1.05trn was sold across various tenors, sustaining the trend of overallotment at the primary market window. Stop rates on the 91-day, 181-day, and 364-day Treasury bills declined by an average of c.2.50% month-on-month, closing at 7.00%, 10.00%, and 12.24%, respectively.

Important Disclaimers: This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction. Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance. AIICO Capital is regulated by the Securities and Exchange Commission, and is licensed to provide fund and portfolio management services in Nigeria.