

# AIICO MONEY MARKET FUND

JANUARY | 2024



## OVERVIEW

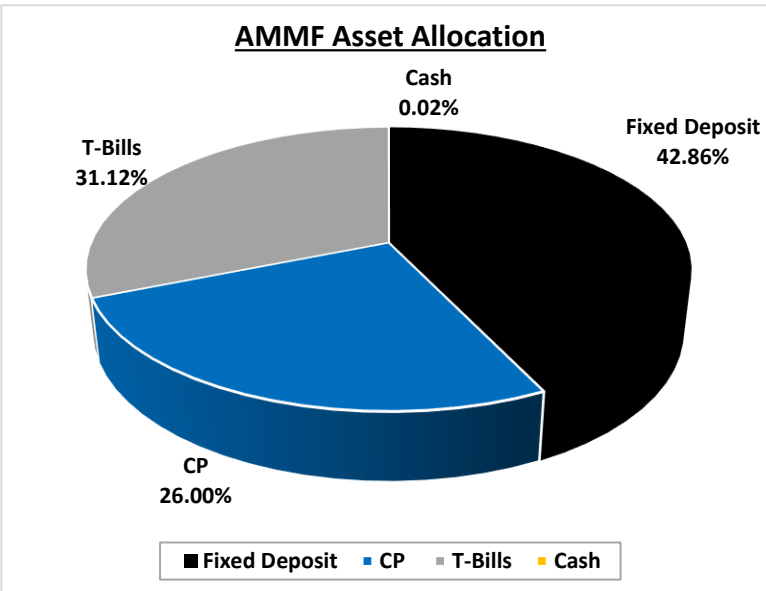
AIICO Money Market fund is an open-ended collective investment vehicles that pools investment monies from various individuals, Corporate organizations and High Net-worth Clients (HNC) for the purpose of investing in money market securities, designed to produce short to medium term growth, income or a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

## INVESTMENT OBJECTIVES

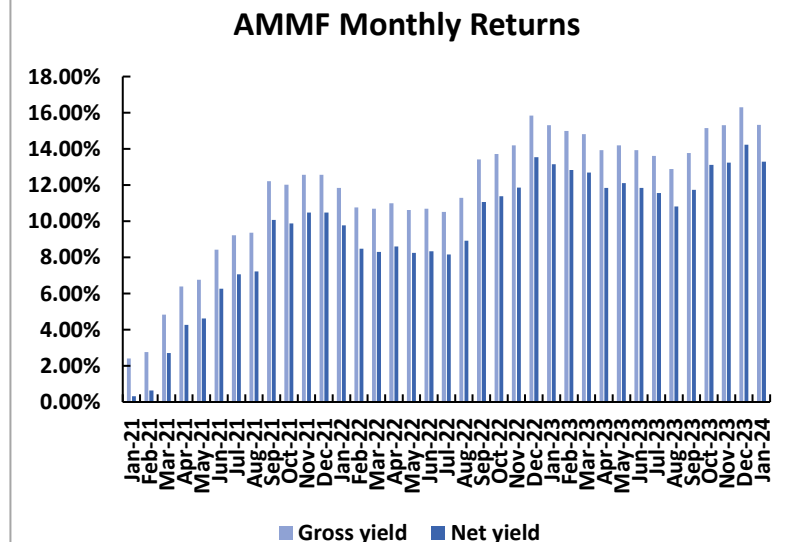
The investment objective of the Fund is to generate regular income for unit holders by investing in high-quality, liquid, and short-tenor fixed income instruments whilst ensuring safety of principal.

## 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-Dec-23	31-Jan-24
Gross Return	16.30%	15.33%
Net Return	14.24%	13.30%
Weighted Average Maturity	50.98	73.25
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	7.0000%	5.0000%



## FUND PERFORMANCE

The AIICO Money Market Fund closed the first month of 2024 with a net yield of 13.30%, outperforming the benchmark rate of 5.00% 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 73.25 days.

FAAC inflows at the beginning of the month bolstered ample system liquidity to approximately ₦ 457 billion early on. Despite inflows from bonds coupons and FAAC during the month, multiple OMO auctions and intermittent CRR debits depleted liquidity, leading to a negative balance by month-end. Overall, system liquidity averaged ₦ 56.70 billion in January 2024, marking a significant decline from ₦ 201.69 billion recorded in December 2023. Nonetheless, average Open Repo Rate (OPR) and Overnight Rate (ON) stabilized at 16.46% and 17.57%, respectively, compared to the 17.25% and 17.94% observed in the preceding month.

The Treasury Bills market saw a bullish run earlier in the month, as banks aimed to invest excess cash and avoid CRR debits. The first NTB auction in January 2024 was oversubscribed by 20.16x, driving a decline in stop rates across tenors. Post-auction, the bullish trend continued driven by improved liquidity from the FGN bond coupons. However, the CBN's mop ups via OMO auctions, amounting to approximately ₦ 1trillion across three auctions signaled an upward trajectory for yields. Consequently, the treasury bills market closed on a bearish note, in anticipation of higher yields in the short term.

At the second NTB auction, approximately ₦231.82bn was offered and sold across various tenors. Stop rates for the 91-day, 181-day, and 364-day papers declined by an average of c.1.85% month-on-month, closing at 5.00%, 7.15%, and 11.54%, 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.