

AIICO MONEY MARKET FUND

FEBRUARY | 2024



OVERVIEW

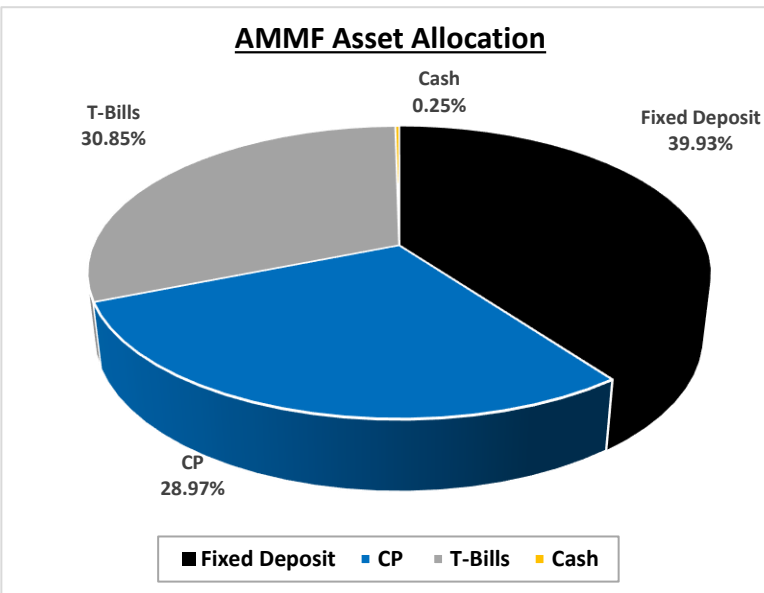
AIICO Money Market fund is an open-ended collective investment vehicles that pools investment monies from various individuals, Corporate organizations and High Net-worth Clients (HNC) for the purpose of investing in money market securities, designed to produce short to medium term growth, income or a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

INVESTMENT OBJECTIVES

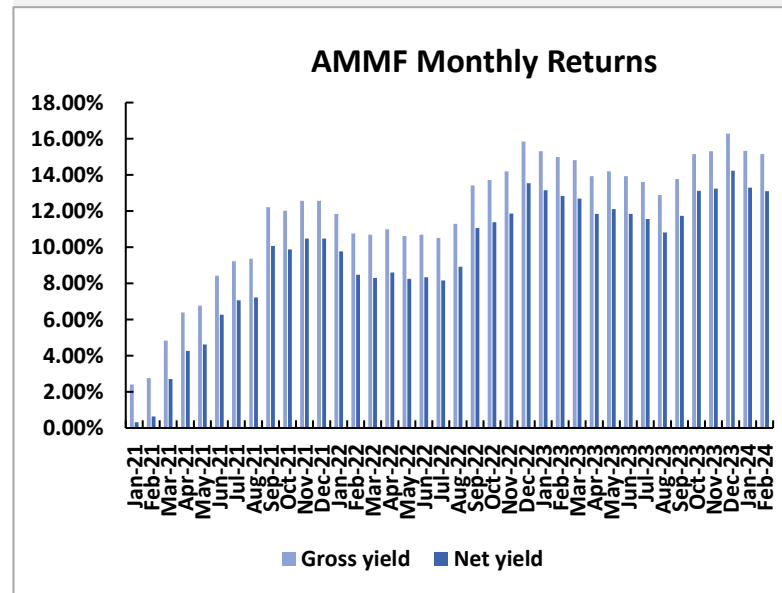
The investment objective of the Fund is to generate regular income for unit holders by investing in high-quality, liquid, and short-tenor fixed income instruments whilst ensuring safety of principal.

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	31-Jan-24	29-Feb-24
Gross Return	15.33%	15.15%
Net Return	13.30%	13.10%
Weighted Average Maturity	73.25	69.06
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	5.0000%	17.0000%



FUND PERFORMANCE

The AIICO Money Market Fund returned a net yield of 13.10%, compared to the benchmark rate of 17.00% set by the 91-day NTB paper. The fund's return 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 69.06 days.

The month sustained its negative balance from the previous month. Although, injections by the CBN temporarily alleviated the liquidity crunch, debits for the NTB auctions (c.₦2.59 trillion) and FGN bond auction (c.₦1.49 trillion) pushed the market into a deficit balance, which persisted for the major part of the month despite coupon inflows and FAAC credits. Overall, system liquidity averaged a negative balance of c.₦ 149.97 billion vs ₦ 56.70 billion in January 2024. Open Repo Rate (OPR) and Overnight Rate (ON) rose to 19.87% and 20.82% respectively from 16.46% and 17.57% recorded in the preceding month.

In the treasury bills market, the month began with an intriguing development, as the DMO adjusted the initial NTB auction offer from c.₦417.06 billion to a total of ₦1 trillion across the standard tenors, signaling the CBN's tightening measures. The increased auction size instigated bearish sentiments, prompting investors to divest their existing holdings in anticipation of higher yields resulting from the expected surge in supply at the auction.

The DMO conducted two NTB auctions, selling a total of c.₦2.59 trillion. Stop rates for the 91, 182, and 364-day papers experienced significant increases, averaging c.9.93% increase from last months auction to c. 17.00%, 17.50% and 19.00% respectively. This move by the DMO aimed to align with the CBN's efforts to enhance the attractiveness of naira investments for both local and foreign investors.

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