VETIVA MONEY MARKET FUND ("VMMF")

October 2020

FUND DETAILS

Fund Previous Name	DV Balanced Fund
Domicile / Base Currency	Nigeria / Naira (NGN)
Fund Launch Date	26th August 2014
Fund Conversion Date	6th August 2019
Fiscal Year End	December
Fund Rating	Agusto & Co: A(f)
Risk Classification	Low Risk
Distribution Frequency	Quarterly
Benchmark	Weighted Average 91-day Treasury Bills
Minimum Initial Investment	₦5,000.00
Minimum Additional Investment	₦5,000.00
Management Fee	1.00%
Minimum Holding Period	30 days
NAV per Unit	₦ 1.00
Fund NAV	₦ 1,248,313,201.82
Fund Manager	Vetiva Fund Managers Limited
Trustees	STL Trustees Limited
Custodian	Citibank Nominees
Registrars	First Registrars

The VMMF is an actively managed open-ended Fund that seeks to provide capital stability, liquidity, and diversification whilst providing a competitive return to fund investors. The Fund invests in a diversified portfolio of high yield and high-quality short-term money market instruments like Government Treasury Bills, Commercial Papers, Tenored Deposits, short-term instruments with eligible financial institutions, and other instrument introduced and approved by the Central Bank of Nigeria (CBN) from time to time.

INVESTMENT OBJECTIVE

The fundamental objective of the Fund is to preserve investors' capital whilst providing liquidity and maximising current income, in line with prevailing Nigerian Money Market yields, by investing in a diversified portfolio of money market instruments.

INVESTMENT STRATEGY

Selection of securities for the Fund is driven by a detailed investment policy focused on achieving consistent income streams through investing in a diversified portfolio of money market securities and investments specified in the Trust Deed. The Manager seeks to meet the Fund's objective by actively managing the portfolio based on the relative attractiveness of the money markets.

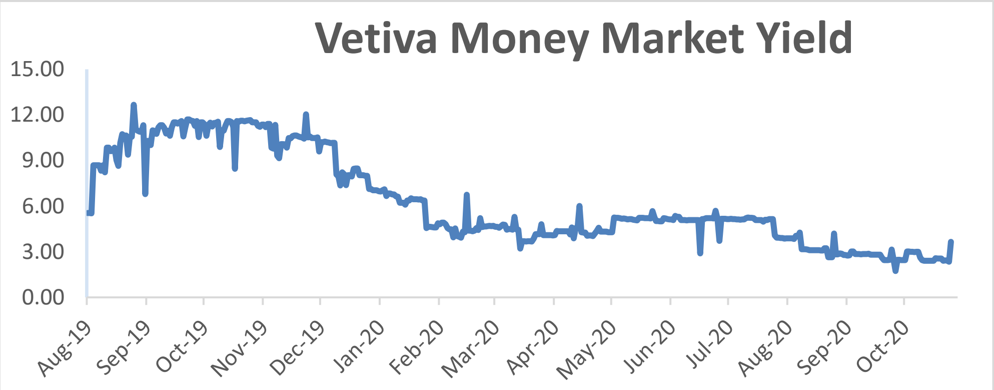
MATURITY PROFILE OF ASSETS

Tenor	Current Allocation
0-30 days	39.33%
31-60 days	42.93%
61- 90 days	1.58%
91 - 180 days	11.16%
181 - 365 days	5.00%

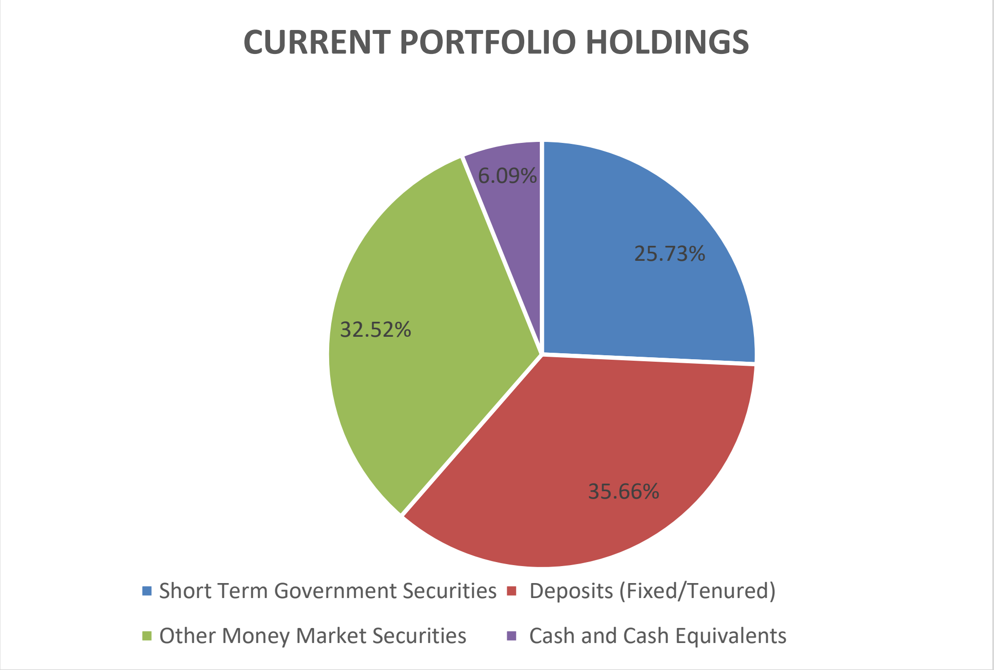
REGISTRATION:

The Vetiva Money Market Fund is authorised and registered with the Securities and Exchange Commission, Nigeria as a Collective Investment Scheme.

YIELD MOVEMENT



ASSET ALLOCATION



BENEFITS OF THE FUND

Investing in the Vetiva Money Market Fund gives you the following unique benefits:

- Liquidity and regular income streams;
- Capital Preservation and Safety;
- Competitive return compared to savings account returns;
- Diversification;
- Affordability and Accessibility;
- Professional Management.

INVESTOR SUITABILITY

The Fund is targeted toward prudent investors (retail, High Net-worth individuals and Institutions) with low risk appetite looking to maximize interest income in short-tenored securities.

The Fund would be attractive to investors who desire a regular stream of income with minimal risk appetite.

HOW TO INVEST IN THE FUND

You can subscribe to the fund with as little as N5,000.00 and you can continue to make additional investments in the Fund. Deposits can be made by Cheque, paying into the below account or using your Debit/Credit Cards.

Bank: Citibank Nigeria Ltd

Account Name: STL Trustees/Vetiva Money Market Fund

Account No 0011892019

MARKET COMMENTARY

REVIEW:

In October, yields in the secondary market maintained their persistent downtrend, as investors continued to seek out safety amid mounting uncertainties in the global space. In the bonds space, yields dipped 131bps m/m, with the 5 Year paper easing 1.18% to 4.24%, and the 10 Year Note sinking 3.70% to 4.16%. Meanwhile, in the OMO space, yields moderated 144bps on average, as stable oil prices supported the buy–side sentiment in the market. Finally, in the NTB space, yields eased 139bps on average, as high levels of system liquidity saw market participants seek to deploy idle funds amid the slump in yields.

Yield across the domestic fixed income market dropped to lower levels during Q3'20. Notably, both Open Market Operation (OMO) and FGN Treasury Bill (NTB) yields which averaged 5.1% and 2.2% at the end of Q2-2020, converged at 1.9% at the end of Q3-2020.

Similarly, the average yield in the bond market continued to decline in Q3-2020 from 8.6% as at the end of June 2020 to 6.8% at the end Sept-2020 as a result of the stranglehold in supply of short tenured risk free instruments and net-inflow of funds via OMO maturities. The Monetary Policy Committee (MPC) further cut the benchmark rate by 100bps in September, resulting in yield declines across the universe of domestic fixed income instruments.

On the Corporate end, we have also seen a drastic reduction in capital raised through Commercial papers in the last quarter. During the period, there was only one new CP Issuance (i.e. Cardinal Stone) while majority of existing maturity CP were not reissued into the market (except for Dangote Cement and Union Bank).

OUTLOOK:

For the month of November, we expect yields to tick lower given the rate direction signaled by the CBN through its stop rates offered at the auctions. In addition, the second round of lockdowns due to the pandemic could see investors scurrying for safe haven assets (Fixed Income, Precious Metals), as they seek to shield themselves from the impact of the lockdowns. Furthermore, with the budget deficit rising, we expect the government to increase its borrowing in the coming months, as it looks to plug shortfalls in its budget amid a shortfall in federal revenues.

Although current interest rates do not reflect current economic realities, we do believe the monetary authority would continue to keep rates at low levels in the interim, in a bid to accelerate the recovery of the economy from the impact of the pandemic. Meanwhile, rising civil unrest in the country poses a heightened level of political risk, which could drive investors to significantly reduce their exposure in long-tenor instruments and focus more at the short end of the curve in the fourth quarter. It is also expected that the Commercial papers may remain at low levels for the rest of the year.

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