

United Capital Money Market Fund

Mutual Funds Factsheet | April 2025

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FUND OBJECTIVE

The United Capital Money Market Fund allows investors to invest in high quality money market instruments like Treasury bills and certificates, Commercial papers and Bankers' acceptance. The Fund is an income Fund. It provides liquidity, capital preservation, as well as moderate and stable return. The Fund is appropriate for corporate and individual investors who desire less volatility in returns using their surplus funds for short periods of time. The main objective of the Fund is to achieve consistent income streams through investment in a portfolio of money market securities and investments specified in the Trust Deed. The money market fund preserves capital, offers quarterly interest payment as well as safety and liquidity.

MARKET REVIEW, OUTLOOK AND STRATEGY

The financial system opened in April 2025 with a surplus balance of N1.50tn. During the month, the financial system was mainly awash with liquidity. This was due to significant inflows of N431.23bn from coupon payments, N1.45tn from OMO maturities, and c. N500.00bn from FAAC inflows. We also saw increased activity at the Standing Deposit Facility (SDF) window as banks placed their excess liquidity with the Central Bank. Although there were primary market and mop-up activities (via the OMO auction), it only marginally dragged system liquidity lower. Thus, the financial system closed the month with a surplus balance of N1.05tn. Consequently, the monthly average Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 336bps m/m and 340bps m/m to print at 26.81% and 27.23% from 30.17% and 30.63%, respectively.

At the primary market, the CBN conducted two NT-bills auctions during the month. At the first auction, the CBN offered a total of N800.00bn across the 91-day, 182-day, and 364-day bills. At the auction, investors' demand was strong, as total subscriptions printed at N1.13tn, indicating an oversubscription rate of 1.41x. The bids were majorly skewed towards the longer-tenured instrument, "364-day bill", which received total bids of N905.56bn. Surprisingly, the Apex Bank undersold the auction, allotting a total of N424.58bn. That said, the stop rate on the 91-day and 182-day bills climbed by 50bps and 100bps from 18.00% and 18.50% to settle at 18.50% and 19.50%, respectively. Meanwhile, the stop rates on the 364-day bill remained unchanged at 19.63%.

At the second auction, the CBN offered N400.00bn across the 91-day, 182-day, and 364-day bills. At the auction, investors' demand was strong, as total subscriptions printed at N1.54tn, indicating an oversubscription rate of 3.85x. The bids were majorly skewed towards the longer-tenured instrument, "364-day bill", which received total bids of N1.38tn. Notably, the

Apex Bank oversold the auction, allotting a total of N714.38bn. That said, the stop rate on the 91-day, 182-day, and 364-day bills fell by 50bps, 100bps, and 3bps from 18.50%, 19.50%, and 19.63% to settle at 18.00%, 18.50%, and 19.60%, respectively. Also, the Central Bank conducted an OMO auction with an offer size of N500.00bn across the 298-day and 319-day bills. Investors' demand was strong at the auction, as total subscriptions printed at N1.39tn, indicating an oversubscription rate of 2.78x. At the end of the auction, the Apex Bank over-allotted the auction, selling a total of 1.01tn worth of bills. As a result, the stop rates on the 298-day and 319-day bills settled at 22.37% and 22.73%, respectively.

In the secondary market, bearish sentiments prevailed as investors await proper guidance for rate direction in Q2-2025. The cautious trading activities were due to the recent uptick in stop rates at the primary market auction. As a result, the average NT-bills yield rose by 129bps m/m to close the month of Apr-2025 at 20.73% (previously 19.44% in Mar-2025). Similarly, the average yield on OMO bills climbed by 278bps, settling at 26.98% in Apr-2025 from 24.20% in the prior month.

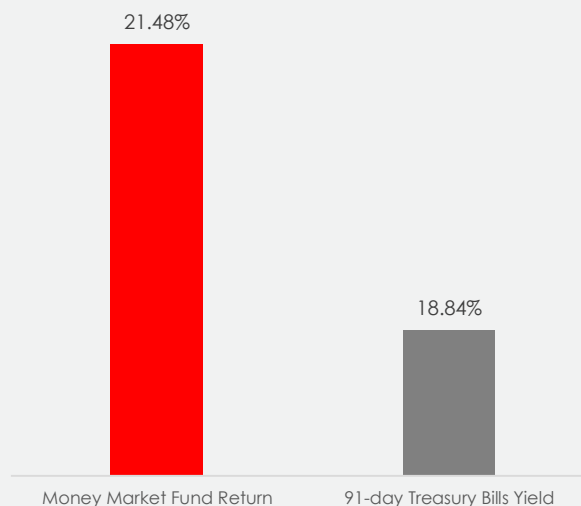
Looking ahead to May 2025, we anticipate a much lower level of liquidity in the financial system. We anticipate total inflows of N1.96 trillion, comprising coupon payments of N166.62bn, NT-bills maturities of N805.87bn, and OMO maturities of N988.36bn. This represents a 37.32% decrease compared to April's inflow of N3.13tn. As a result, we expect interbank funding rates to remain elevated for most of the month. Despite the lower level of expected liquidity, we do not rule out the likelihood of the CBN resorting to OMO auctions and primary market activities to mop up any excess liquidity in the financial system. Ultimately, FTD and money market rates are likely to remain at current levels, with the likelihood of inching higher in May 2025. A major event to look out for is the scheduled Monetary Policy Committee (MPC) meeting on the 19 and 20 May 2025. Key consideration for the Committee will be the progress with inflation for the year following the rebasing of the Consumer Price Index (CPI) in Jan-2025 by the National Bureau of Statistics (NBS). The outcome of the meeting will be very pivotal in determining the direction of rates and market behaviour in the fixed-income market for most of Q2-2025.

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	132.31bn
NAV Per Share (₦)	1
Minimum Entry (₦)	10000
Additional Investment (₦)	5000
Structure	Open Ended
Minimum Holding Period	Nil
Benchmark	91-day T-Bills Yield
Management Fee	1.5%
Total Expense Ratio*	1.8%
Risk Profile	Low
Income Distribution	Income Oriented

*Inclusive of management fee; Returns are net of all fees

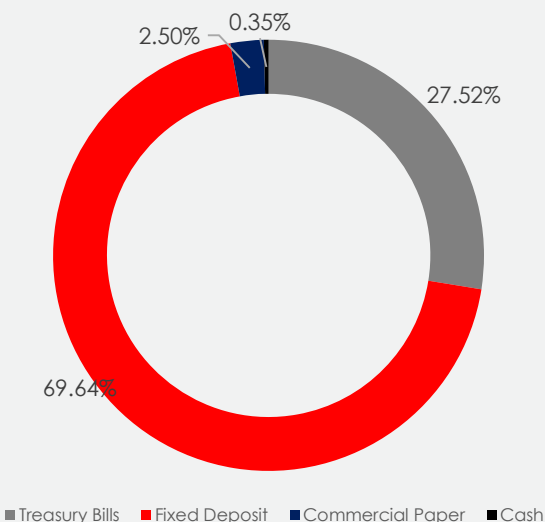
Money Market Fund Return vs Benchmark



MATURITY PROFILE OF ASSETS

0-30days	45.5%
31-60days	15.4%
61-90days	19.0%
91-180days	3.0%
180-365 days	17.1%

Current Portfolio Holdings



Governance Asset Allocation Ranges:

Money Market Fixed Deposits (60%-75%); Short Term Securities: (25%-40%)

RETURN HISTORY

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Apr-25
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	12.15%	22.18%	21.48%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	7.00%	18.84%	18.84%

*Represents the Fund's Annualized Return vs the Benchmark's Annualized Return

PERFORMANCE REVIEW

The United Capital Money Market Fund recorded a net return of 21.48% as at end of April 2025, from 19.37% in the previous month. The benchmark return however closed at 18.84% as at the end of April 2025.

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The Fund will continue to invest in high quality money market instruments that generate competitive returns for the benefit of the subscribers. The Fund is well positioned to deliver above-average returns despite the current yield environment.

WHY CHOOSE THE FUND?

- Short-term capital preservation
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework

INVESTMENT RISK

- Market risk relating to policy somersault
- Macroeconomic instability
- Interest Rate Risk

HOW TO PARTICIPATE

1. Log in to our online platform www.investnow.ng
2. Click on "Money Market Fund"
3. Click on "Open an account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments.

