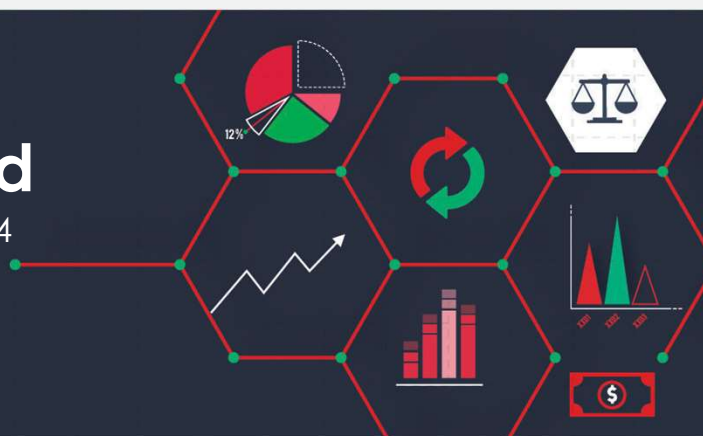


United Capital Money Market Fund

Mutual Funds Factsheet | August 2024

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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 August 2024 with a surplus balance of N635.6bn. During the month, the financial system was mainly buoyant due to increased activities in the Standing Deposit Facility (SDF). Since the adjustment of the asymmetric corridor around the MPR from +100/-300bps to +500/-100bps, the rate at which banks deposit with the Central Bank increased from 23.25% to 25.75%, thus encouraging activities in that facility. Additionally, inflows from coupon payments, OMO maturities, and FAAC payments (N370.9bn, N116.5bn, and c.N900.0bn, respectively) further bolstered the system liquidity. Although the Central Bank attempted to mop up the excess liquidity, it was insufficient to weigh on system liquidity. As a result, the financial system closed the month with a surplus balance of N624.3bn. Consequently, the monthly average Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 732bps m/m and 579bps m/m to print at 18.11% and 20.06% from 25.43% and 25.85%, respectively.

At the primary market, the Central Bank of Nigeria (CBN) conducted two NT-bills auctions during the month. At the first auction, the CBN offered a total of N216.1bn worth of maturing bills across the 91-day, 182-day and 365-day bills. At the auction, investors' demand was mildly strong, as total subscriptions printed at N486.9bn. The bulk of the bids were skewed towards the longer-tenured instrument (365-day bill), which recorded a total subscription of N431.6bn. Notably, CBN sold just the amount on offer. As a result, the stop rate of the 365-day bill fell by 21bps to settle at 21.89%. However, the stop rates on the 91-day and 182-day bills remained unchanged at 18.50% and 19.50%.

At the second auction, the CBN offered a total of N410.0bn

worth of maturing bills across the 91-day, 182-day and 365-day bills. At the auction, investors' demand was strong, as total subscription printed at N1.0tn majorly skewed towards the longer-tenured instrument. The 365-day bill received the highest worth of bids as the total subscription settled at N909.5bn. Notably, CBN undersold, allotting N291.0bn. Given the low supply of bills at the auction, stop rates across all the tenors offered tapered. For context, the stop rates across the 91-day, 182-day, and 364-day bills tapered by 30bps, 30bps, and 99bps to print at 18.20%, 19.20%, and 20.90%, respectively.

Additionally, the Central Bank conducted two OMO auctions during the month to mop up the excess liquidity in the financial system. The first auction recorded strong demand to the tune of N891.5bn, implying an oversubscription rate of 1.8x, compared to N500.0bn on offer. Investors remained focused on the longer-tenured instrument (358-day bill), which recorded total bids of N874.5bn. Thus, stop rates on the 92-day, 176-day, and 358-day bills settled at 18.489%, 19.288%, and 21.89%, respectively.

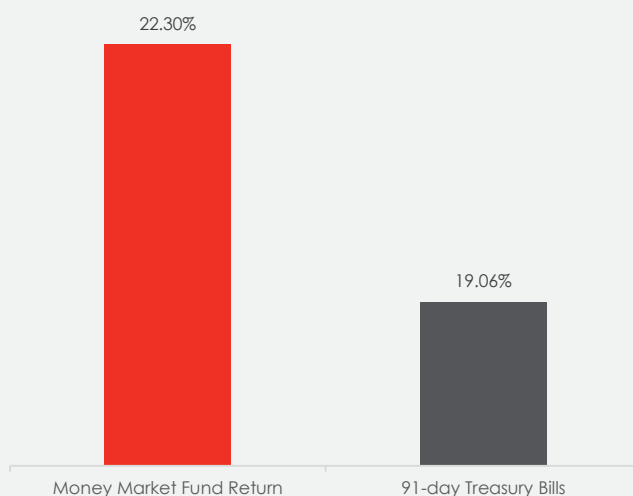
Looking into September 2024, we expect the financial system to be broadly awash with liquidity due to the expected significant inflows. We anticipate a total of N646.2bn worth of inflows emanating from coupon payments and OMO maturities to hit the financial system. This is 32.6% higher than August's print of N487.4bn. Overall, we expect the efficacy of the CBN's favorite mop-up mechanism to determine the extent/magnitude of the system liquidity. That said, we project that FTDs and money market rates will decline due to excess liquidity in the financial system. Lastly, the Monetary Policy Committee (MPC) is scheduled to meet on the 23rd-24th of September 2024 to deliberate on the direction of the nation's interest rate environment. At the meeting, we expect the Committee to HOLD the benchmark interest rate, popularly known as the Monetary Policy Rate (MPR). This is on the back of the slowing down of Nigeria's headline inflation, as evidenced by the disinflationary trend witnessed in July 2024. (CPI: 33.40% y/y in Jul-2024 vs June's 34.19% y/y).

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	51.7bn
NAV Per Share (₦)	1
Minimum Entry (₦)	10000
Additional Investment (₦)	5000
Structure	Open Ended
Minimum Holding Period	Nil
Benchmark	91-day T-Bills
Management Fee	1.0%
Total Expense Ratio*	1.3%
Risk Profile	Low
Income Distribution	Income Oriented

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

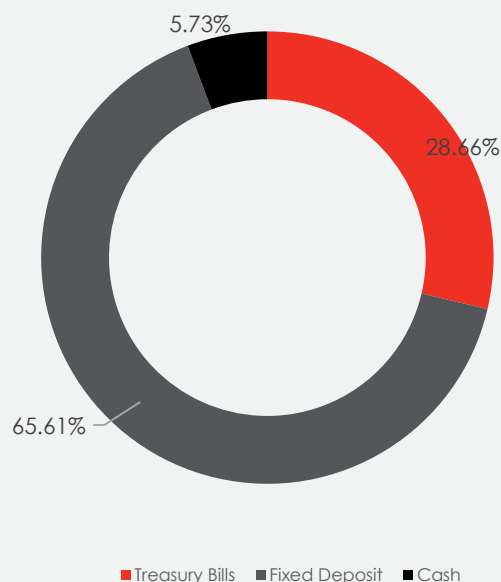
Money Market Fund Return vs Benchmark



MATURITY PROFILE OF ASSETS

0-30days	43.88%
31-60days	5.00%
61-90days	25.14%
91-180days	17.28%
180-365 days	8.70%

Current Portfolio Holdings



RETURN HISTORY

	2019	2020	2021	2022	2023	AUGUST 2024
Money Market Fund Return	12.9%	5.42%	6.91%	9.34%	11.48%	22.30%
Benchmark Returns	11.2%	1.52%	3.34%	3.97%	7.00%	19.06%

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

PERFORMANCE REVIEW

The United Capital Money Market Fund returned an annualized net return of 22.30% as at end of August 2024, from 18.56% in the previous month. Meanwhile, benchmark return declined from 19.39% in the preceding month to 19.06% as at end of August 2024.

At the primary market, the Central Bank of Nigeria held two NTB auctions during the month. At the first auction, the CBN offered a total of N216.1 billion bills across 91-day, 182-day, and 365-day tenors. The CBN sold only the amount offered, resulting in the stop rate for the 365-day bill declining by 21 basis points to 21.89%. Meanwhile, the stop rates for the 91-day and 182-day bills remained unchanged at 18.50% and 19.50%, respectively. At the second auction, the stop rates across the 91-day, 182-day, and 364-day bills declined by 30bps, 30bps, and 99bps to print at 18.20%, 19.20%, and 20.90%, respectively.

Likewise, rates continue to drop sharply at the secondary market, with average yield falling by 397bps m/m to close the month of Aug-2024 at 21.21%

For the month of September, we expect increased market liquidity to weigh down rates in the market, pulling average yield further, especially in the secondary market. We expect both increased system liquidity and monetary policy authority to impact the yield direction during the month.

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.

Past performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. Please consult your financial adviser. This information has been compiled from sources considered to be reliable, but is not guaranteed. Any potential investor should consider conducting further enquiries in deciding whether to acquire, or continue to hold units in a fund.

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.



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