

United Capital Money Market Fund

Mutual Funds Factsheet | December 2024

Contact Us:

Emmanuel Onoja | +234-703-583-3042 | emmanuel.onoja@unitedcapital.com
Asset Management | +234-1-631-7876 | asset.management@unitedcapital.com



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 December 2024 with a surplus balance of N111.04bn. System liquidity was dictated by inflows from NT-Bill maturities, Primary Market Auctions (NT-Bill and OMO auctions), and the increased activity in the SDF and SLF windows. The inflows in the month from N342.56bn worth of inflows emanating from coupon payments (N216.76bn) and OMO maturities (N125.80bn) were not sufficient to bolster the system liquidity.

As a result, we saw increased activities at the Standing Lending Facility (SLF) window as banks sought to meet their short-term obligations. Thus, the financial system closed the month with a deficit balance of N166.29bn. At the primary market, the CBN conducted an NT-bill auction with an offer size of N275.71bn across the 91-day, 182-day, and 364-day bills.

At the auction, investors' demand was strong, as total subscriptions printed at N907.85bn, indicating an oversubscription rate of 3.29x. The bids were majorly skewed towards the longer-tenured instrument, "364-day bill", which received total bids of N512.00bn. Notably, the Apex Bank oversold the auction, allotting a total of N527.84bn. As a result, the stop rates on the 364-day bills declined by 13bps to settle at 22.80% (previously, 22.93%). Meanwhile, the stop rates on the 91-day and 182-day bills remained unchanged at 18.00% and 18.50%, respectively.

Similarly, the CBN also rolled over maturing NT bills to the tune of N332.53bn, across the 91-day, 182-day and 364-day bills. At the auction, investors' demand was strong, with total demand printing at N663.18bn, implying a bid-to-cover ratio of 2.0x. The CBN slightly over-allotted the auction, allotting bills to the

tune of N335.54bn, implying an overallotment rate of 1.01x. Ultimately, the CBN allowed the stop rate on the 364-day bill to inch higher by 10bps to 22.90% (previously, 22.80%). Meanwhile, the stop rates on the 91-day and 182-day bills remained static at 18.00% and 18.50%, respectively.

Also, CBN conducted an OMO auction with an offer size of N600.001bn across the 351-day, and 365-day bills. At the auction, investors' demand was strong, as total subscriptions printed at N1.56tn, indicating an oversubscription rate of 2.60x. Notably, the Apex Bank oversold the auction, allotting a total of N1.56tn. As a result, the stop rates on the 351-day bill and 364-day bills settled at 23.95% and 23.98%, respectively.

In the secondary market, we saw significant bearish sentiments throughout Dec-2024, given the elevated hawkish monetary policy environment. As a result, the average NT-bills yield rose by 39bps m/m to close the month of Dec-2024 at 25.55% (previously 25.16%). Conversely, the average yield on OMO bills fell by 10bps, settling at 27.09% in Dec-2024 from 27.19% in the prior month.

Looking into January, we expect N2,035.50bn in inflows to the financial system, i.e. N166.62bn in coupon payments, N311.48bn from NT-Bill maturities, and N1,557.40bn from OMO maturities. The CBN is scheduled to hold 2 NT-Bill auctions in the month, issuing N515.00bn and N530.00bn, respectively. We expect strong participation at these auctions, with high demand for the 364-day bill. Ultimately, we expect that the efficacy of CBN's mop-up mechanisms will determine the level of liquidity in the financial system. That said, we project that FTD and money market rates will remain at current levels with the likelihood of tapering further.

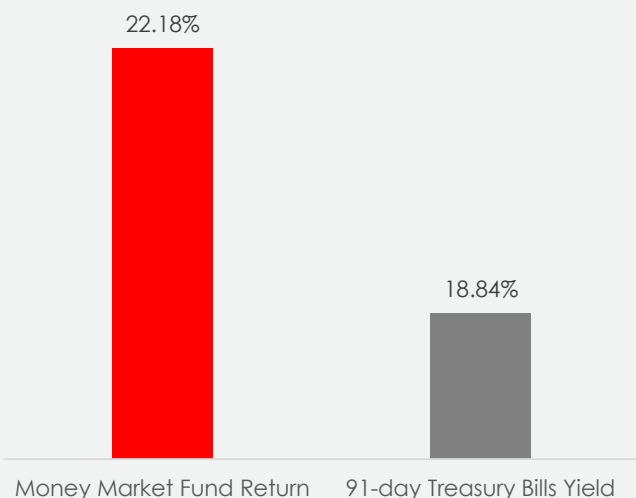
Past performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account 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.

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	74.71bn
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	11.6%
31-60days	39.7%
61-90days	31.4%
91-180days	8.4%
180-365 days	8.9%

RETURN HISTORY

	2016	2017	2018	2019	2020	2021	2022	Dec-24
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	22.18%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	18.84%

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

PERFORMANCE REVIEW

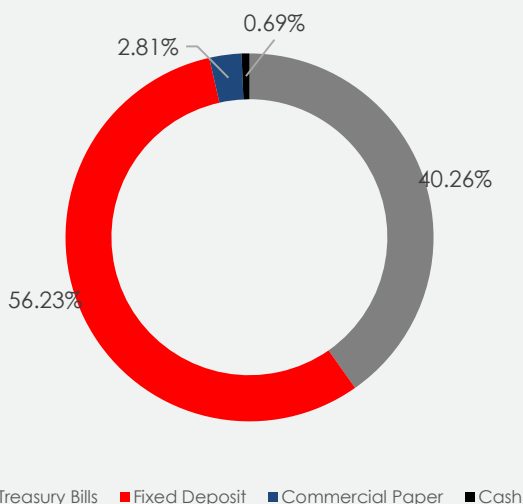
The United Capital Money Market Fund returned an annualized net return of 22.18% as at end of December 2024, from 21.99% in the previous month. Meanwhile, benchmark return remained the same at 18.84% as at end of December 2024.

At the primary market, the CBN conducted an NT-bill auction with an offer size of N275.71bn across the 91-day, 182-day, and 364-day bills. At the auction, investors' demand was strong, as total subscriptions printed at N907.85bn, indicating an oversubscription rate of 3.29x. The bids were majorly skewed towards the longer-tenured instrument, "364-day bill", which received total bids of N512.00bn.

In January 2025, we expect N2,035.50bn in inflows to the financial system, i.e. N166.62bn in coupon payments, N311.48bn from NT-Bill maturities, and N1,557.40bn from OMO maturities. The CBN is scheduled to hold two NT-Bill auctions in the month, issuing N515.00bn and N530.00bn, respectively. That said, we project that FTD and money market rates will remain at current levels with the likelihood of tapering further.

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.

Current Portfolio Holdings



Governance Asset Allocation Ranges:

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

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.



Diversify your investments with our Mutual Funds today.

Balanced Fund Equity Fund Fixed Income Fund Money Market Fund

Nigerian Eurobond Fund Sukuk Fund Wealth for Women Fund