

United Capital Money Market Fund

Mutual Funds Factsheet | January 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

In January 2024, the financial system opened with a surplus balance of N330.1bn due to residuals from the previous month's FAAC payments. An interplay of primary market auctions (OMO bills) and CRR debits weighed down system liquidity. The financial system was broadly depleted in the first two weeks of the month due to the absence of any maturity or inflow. However, the system reflat by the third week of the month following inflows from coupon payments, totalling N139.1bn.

Nevertheless, this was not sufficient to keep system liquidity buoyant, particularly due to activities in both the NTB and FGN bond primary market. As a result, the financial system closed the month with a balance of N186.9bn. Consequently, the monthly average Open Repo Rate (OPR) and Overnight Rate (O/N) fell by 175bps m/m and 197bps m/m to print at 17.25% and 17.95%, respectively.

At the primary market, the Central Bank of Nigeria (CBN) conducted two (2) NT-bill auctions for the month. On details of the first auction, the CBN offered a total of N56.6bn worth of bills across the 91-day, 182-day and 364-day bills. The auction was met with strong investors'

demand, with total subscriptions printing at N1.1tn, indicating a bid-to-cover ratio of 20.2x. Notably, the Apex Bank sold the exact amount on offer. Given the supply and demand fundamentals at the auction, with demand coming in significantly strong, stop rates at the auction tapered significantly, way into the single-digit terrain. The stop rates across the 91-day, 182-day and 364-day bills declined by 456bps, 578bps and 384bps to close at 2.44%, 4.22% and 8.40%, respectively (previously, 7.00%, 10.00% and 12.24%).

On details of the second NT-bills auction, the Central Bank of Nigeria (CBN) had an offer size of N231.82bn to be rolled over across the 91-day, 182-day and 364-day bills. At the auction, investors' demand was strong, as total subscription printed at N1,086.35bn. The bids were skewed towards the longer-tenured instrument. Notably, CBN sold just the amount on offer, implying a bid-to-cover ratio of 4.69x. Thus, the stop rates across the 91-day, 182-day and 364-day bills rose by 256bps, 293bps and 314bps to settle at 5.00%, 7.15% and 11.54%, respectively.

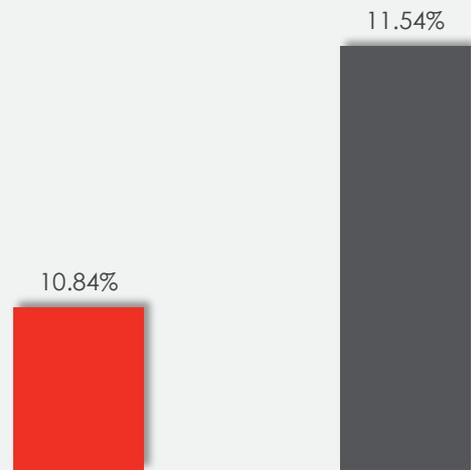
Looking ahead into February 2024, we expect the supply and demand fundamentals to remain the key driver of money market rates. We expect the month of February to be mostly illiquid, providing room for rates to remain elevated at the short-end of the curve. The expected broad-based illiquidity is expected to play a strong background role, stimulating sell-interests at the short end of the curve. That said, we expect money market and FTD rates to remain around current levels, albeit volatile, with the likelihood of reversing higher toward mid-month.

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	46.4bn
NAV Per Share (₦)	1
Minimum Entry (₦)	10000
Additional Investment (₦)	5000
Structure	Open Ended
Minimum Holding Period	Nil
Benchmark	1.0%
Management Fee	1.3%
Total Expense Ratio*	91-day T-Bills
Risk Profile	Low
Income Distribution	Income Oriented

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

Money Market Fund Return vs Benchmark

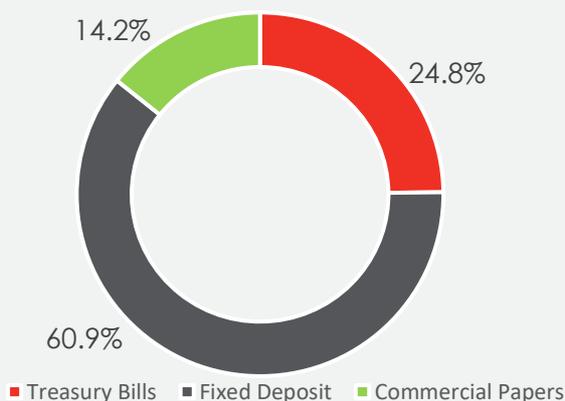


■ Money Market Fund Return ■ 91-day Treasury Bills

MATURITY PROFILE OF ASSETS

0-30days	36.2%
31-60days	8.4%
61-90days	31.5%
91-180days	18.0%
180-365 days	5.9%

Current Portfolio Holdings



RETURN HISTORY

	2016	2017	2018	2019	2020	2021	2022	2023	JAN 2024
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	11.48%	10.84%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	7.00%	11.54%

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

PERFORMANCE REVIEW

The weighted average yield for the United Capital Money Market Fund yielded a weighted average return of 10.84% for the month of January 2024, slightly lower than the corresponding benchmark rate of 11.54%. The performance of the Fund was suppressed by low interest rate environment witnessed in 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.

We would continue to ensure that the investments in the fund are within the short term duration to enhance liquidity for the fund and take advantage of market movements.

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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