

United Capital

Money Market Fund

Mutual Funds Factsheet | May 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 and remained mainly in a surplus position throughout the month. This was driven by inflows of N988.36bn from OMO maturities, N166.62bn from bond coupon payments, and c.N500.00-N600.00bn from FAAC payments. Additionally, we observed increased activities at the Standing Deposit Facility (SDF) window as banks placed their excess liquidity with the Central Bank. Although there were primary market auctions and mop-up activities (via the OMO auction), they were insufficient to lower system liquidity. Thus, the financial system closed the month with a surplus balance of N1.90tn. Consequently, the monthly average Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 31bps m/m and 112bps m/m to print at 26.50% and 26.89% from 26.81% and 27.23%, respectively.

During the month, the CBN held its 300th Monetary Policy Meeting on the 19th and 20th of May 2025. The Monetary Policy Committee (MPC, or the Committee) decided to HOLD the Monetary Policy Rate (MPR) at 27.50%. Meanwhile, the policymakers maintained the Cash Reserve Ratio (CRR) at 50.00% and retained the liquidity ratio at 30.00%. Additionally, the Committee maintained the asymmetric corridor at +500/-100bps around the MPR. The Committee opted for a "wait-and-see" approach following several months of monetary tightening, giving credence to the notion that 27.50% is the Terminal Rate. For context, the MPC had hiked the benchmark rate six consecutive times in 2024 from 18.50% to 27.50%.

At the primary market, the CBN conducted two NT-bills auctions during the month. At the first auction, the Central Bank of Nigeria (CBN) offered a total of N550.00bn across the 91-day, 182-day, and 364-day bills. At the auction, investors' demand was strong, as total subscriptions printed at N1.09tn, indicating an oversubscription rate of 1.98x. The bids were majorly skewed towards the longer-tenured instrument, the "364-day bill", which

received total bids of N956.88bn. Notably, the Apex Bank mildly oversold the auction, allotting a total of N598.33bn. That said, the stop rate on the 364-day bill climbed by 3bps from 19.60% to settle at 19.63%. Meanwhile, the stop rates on the 91-day and 182-day bills remained unchanged at 18.00% and 18.50%, respectively.

At the second auction, the CBN offered N500.00bn across the 91-day, 182-day, and 364-day bills. At the auction, investors' demand was strong, as total subscriptions printed at N1.17tn, indicating an oversubscription rate of 2.34x. The bids were majorly skewed towards the longer-tenured instrument, the "364-day bill", which received total bids of N1.05tn. Notably, the Apex Bank mildly oversold the auction, allotting a total of N615.80bn. That said, the stop rate on the 364-day bill declined by 7bps from 19.63% to settle at 19.56%. Meanwhile, the stop rates on the 91-day and 182-day bills remained unchanged at 18.00% and 18.50%, respectively.

Looking ahead to June 2025, we anticipate a marginally lower liquidity inflows into the financial system, driven by expected total inflows of N1.70tn from coupon payments (N216.76bn), NT-bill maturities (N259.76bn), and OMO maturities (N1.23tn). Although this marks a 13.22% decline from May's inflows of N1.96tn, we expect the financial system to remain awash with excess liquidity. As a result, we project that interbank funding rates will remain depressed for most of the month. That said, we do not rule out the possibility of the CBN conducting OMO auctions or engaging in primary market activities to manage excess liquidity. Overall, FTD and money market rates are likely to stay at current levels, with a potential to edge lower in June 2025. Hence, fund managers should lock in these current yields for the medium to long term, barring any major market shock. Meanwhile, bullish sentiments are expected to persist in the secondary market as investors continue to take positions given the dovish outlook for rates.

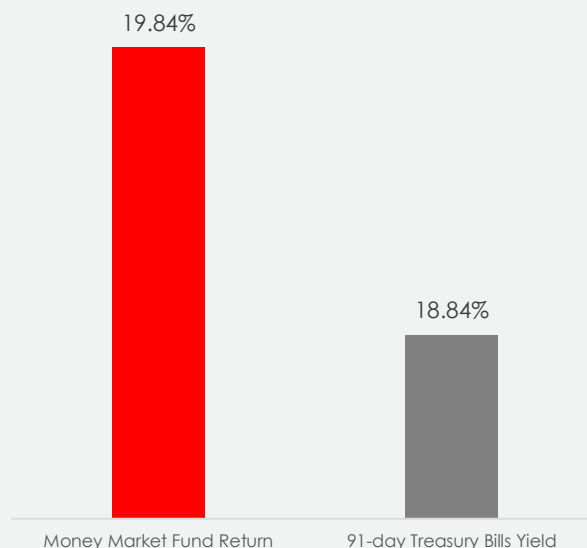
Past performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account 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 (₦)	142.22bn
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

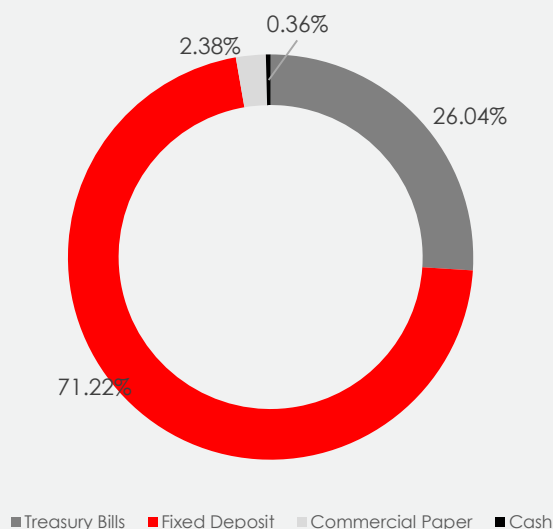
Money Market Fund Return vs Benchmark



MATURITY PROFILE OF ASSETS

0-30days	20.8%
31-60days	31.7%
61-90days	20.8%
91-180days	9.3%
180-365 days	17.4%

Current Portfolio Holdings



Governance Asset Allocation Ranges:

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

RETURN HISTORY

	2020	2021	2022	2023	2024	May-25
Money Market Fund Returns	5.42%	6.91%	9.34%	12.15%	22.18%	19.84%
Benchmark Returns	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 19.84% as at end of May 2025, from 21.48% in the previous month. The benchmark return however closed at 18.84% as at the end of May 2025.

Looking ahead to June 2025, we anticipate a marginally lower liquidity inflows into the financial system, driven by expected total inflows of N1.70tn from coupon payments (N216.76bn), NT-bill maturities (N259.76bn), and OMO maturities (N1.23tn). Although this marks a 13.22% decline from May's inflows of N1.96tn, we expect the financial system to remain awash with excess liquidity. Given the expected buoyant system liquidity, we expect that rates obtainable for NTBs and fixed deposits will decline marginally. We also expect that commercial papers issuance during the month will hover around current levels to attract investors.

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.

