

United Capital Money Market Fund

Mutual Funds Factsheet | December 2023

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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 December 2023, the financial system opened with a surplus balance of N404.1bn due to residuals from the previous month's FAAC payments. 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 three NT-bills auctions in December 2023. The CBN offered a total of N185.0bn 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 N4.4tn. Notably, the Apex Bank over-allotted at the auctions, selling a total of N1.2tn, implying a bid-to-cover ratio of 23.8x. As a result, the stop rates across

the 91-day, 182-day and 364-day bills trended lower, declining by 100bps, 200bps and 451bps to close the month at 7.00%, 10.00% and 12.24%, respectively (previously, 8.00%, 12.00% and 16.75%).

In the secondary market, we saw significant bullish sentiments throughout the month. As a result, the average NT-bills yield fell by 392bps m/m to close at 6.29% (previously 10.21%). Similarly, the average yield on OMO bills declined by 329bps to settle at 11.35% (previously 14.64%).

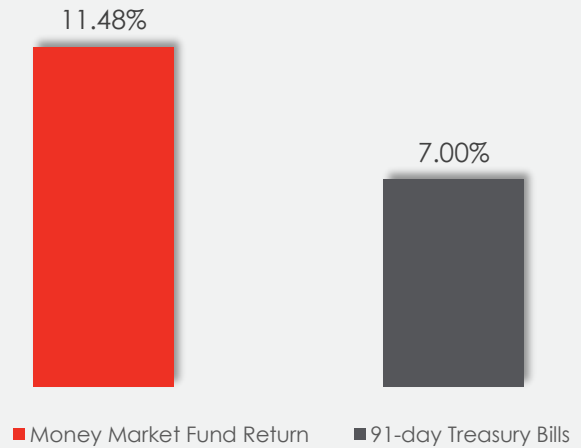
Looking ahead into January 2024, we expect the supply and demand fundamentals to be the key driver of money market rates. System liquidity will continue its background role, stimulating further interest at the short end of the curve. We also note that activities at the CBN's Standing Deposit Facility (SDF) window will also underpin system liquidity (and vice versa for activities at the CBN's Standing Lending Facility window) in January. During the month, we expect a total of N282.0bn worth of coupon payments (102.7% higher than December's figure) to hit the financial system, further supporting system liquidity. However, we note that these inflows will come in at the tail-end of the month. Hence, factoring in FAAC inflows, we expect January to be reasonably liquid. Meanwhile, we expect Open Market Operations (OMO) to stand out as the CBN's most favoured mop-up mechanism, also as a tool to influence money market rates. That said, we expect money market rates to remain around current levels, albeit volatile, with the likelihood of reversing lower towards the tail-end of the 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



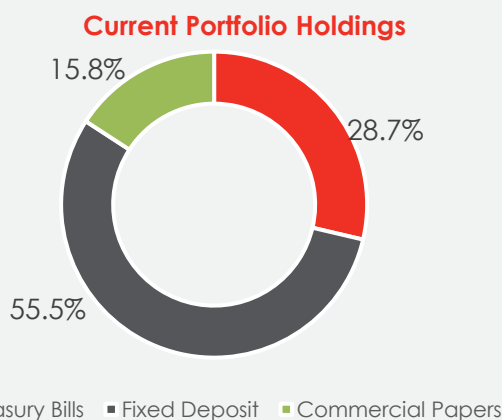
MATURITY PROFILE OF ASSETS

0-30days	7.80%
31-60days	18.10%
61-90days	29.60%
91-180days	0.0%
180-365 days	44.50%

RETURN HISTORY

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

*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 11.48% for the month of December 2023, higher than the corresponding benchmark rate of 7.00%. The performance of the Fund was driven by higher interest rate reflected by incline in yields on money market instruments.

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.

Governance Asset Allocation Ranges:

FGN Eurobonds (50% - 70%); Corporate Eurobonds (50% - 70%); Money Market placements (30% - 50%) Global Fixed Income securities(0% - 20%), Alternative Investment Assets denominated in USD (0% -20%)

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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