

United Capital Money Market Fund

Mutual Funds Factsheet | November 2023

Contact Us:

Emmanuel Akehomen | +234-703-180-3064 | emmanuel.akehomen@unitedcapital.com

Asset Management | +234-1-631-7876 | assetmanagement@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

In October, the financial system opened liquid with a balance of N67.7bn. During the month, N30.0bn in OMO maturities hit the system. Also, FAAC inflows and coupon payments totaling N5.6bn supported liquidity. However, the financial system closed with a balance of N404.1bn. That said, the monthly average of the Open Repo Rate (OPR) and Overnight Rate (O/N) both rose significantly by 13.54ppts and 13.72ppts to 16.19% and 17.00%, respectively.

In the primary market, the Central Bank of Nigeria (CBN) conducted an NT-bills auction, rolling over a total of N310.1bn maturing bills across the 91-day, 182-day and 364-day bills. At the auction, investors' demand was strong, with the bulk of bids skewed towards the longer-tenured instrument. As a result, the total subscription printed at N875.8bn. Notably, the CBN over-allotted at the auction, as total bills sold printed at N491.8bn, implying a bid-to-cover ratio of 1.2x. In line with our expectation, the stop rates across all the maturing bills, 91-day, 182-day and 364-day bills climbed by 100bps, 200bps and 375bps to settle at 7.00%, 11.00% and 16.75%, respectively.

The CBN recently conducted its second NT-bills auction, successfully rolling over bills valued at N211.7 billion spanning the 91-day, 182-day, and 364-day tenures. The auction garnered significant interest, with total bids reaching N1,231.1 billion. Notably, the 364-day bill received substantial attention, recording bids totaling N1,208.5 billion. The CBN opted to sell N561.7bn worth of bills, implying a 2.2x bid-to-cover ratio. Therefore, stop rates climbed on the 91-day (+100bps) and 182-day (+100bps) to 8.0% and 12.0%, respectively. However, the stop rate on the 364-day bill remained unchanged at 16.8%.

In the secondary market, we saw mixed sentiments for the most part of the month, with buy-interests supported by the slight improvement in system liquidity and unmet bids at the primary market auctions. However, the CBN's latest disposition to high rates at the short end of the curve underpinned selloffs. As a result, the average NT-bills yield declined by 43bps m/m to close at 10.93% (previously 7.94%). 10.5

Looking ahead, we expect that the CBN's disposition to monetary tightening will allow money market and FTD rates to stay elevated around current levels, with a high likelihood of trending higher at restrictive levels. System illiquidity will play a background role in the direction of rates at the short end of curve. Funding rates may not be responsive to liquidity fundamentals as previously seen in Q3-2023. That said, we believe that money market and FTD rates will remain elevated.

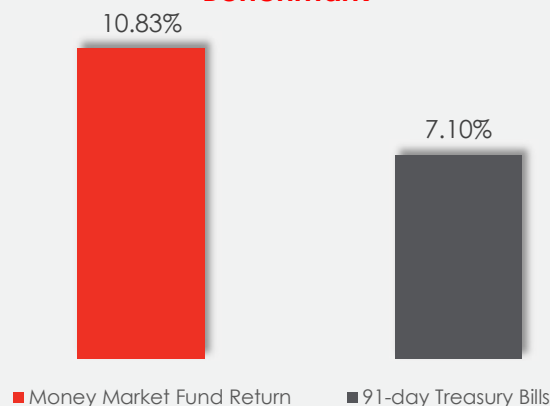
Past performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account 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 (₦)	45.1bn
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

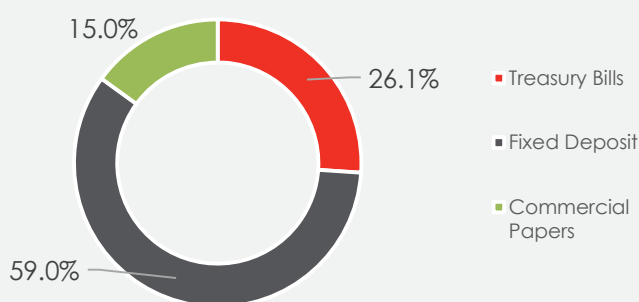
Money Market Fund Return vs Benchmark



MATURITY PROFILE OF ASSETS

0-30days	35.80%
31-60days	32.50%
61-90days	0.8%
91-180days	24.10%
180-365 days	6.80%

Current Portfolio Holdings



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%)

RETURN HISTORY

	2016	2017	2018	2019	2020	2021	2022	Nov-23
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	10.83%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	7.10%

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

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 10.83% for the month of November 2023, higher than the benchmark rate of 7.10%. The performance of the Fund was driven by lower interest rate reflected by decline in yields in 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.

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 Durband Fund](#)
[Sukuk Fund](#)
[Wealth for Women Fund](#)