

# United Capital Money Market Fund

## Mutual Funds Factsheet | October 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

The financial system opened the month of November with a surplus balance of N291.80bn, as residue from the prior month's coupon payments lingered. However, given the scarce liquidity compared to obligations, we saw increased activities at the CBN's Standing Lending Facility (SLF) window, weighing on the positive balance of the financial system. Additionally, the CBN mopped up liquidity at the start of the month, via Open Market Operations (OMO). The success of the OMO auction translated into a deep deficit in the balance of the financial system, which in turn underpinned the overall direction of yields (short term rates) throughout October. However, toward the end of the month, FAAC payments and coupon inflows looked to resuscitate financial system liquidity, with the system wrapping up October with a surplus balance of N466.59bn. Consequent of the longer intervals of financial illiquidity, funding rates between banks climbed in October with the monthly average of the Open Repo Rate (OPR) and Overnight Rate (O/N) up by 296bps m/m and 293bps m/m to print at 30.59% and 31.00% (previously, 27.63% and 28.08%) respectively.

At the primary market, the Central Bank of Nigeria conducted two (2) NT-bills auctions during the month to roll over maturing bills to the tune of N456.57bn. Investors' demand at the auctions was significant, with total demand amounting to N763.12bn, implying a bid-to-cover ratio of 1.67x. Compared to the total amount of NT-bills that were set to be rolled over at the auctions, the CBN allotted the exact amount that was being rolled over, allotting NT-bills to the tune of N456.57bn. Speaking further, we note that supply and demand fundamentals continued to determine the direction of yields at the different primary market auctions. Ultimately, stop rates on the 91-day, 182-day, and 364-day bills settled at 17.00%, 17.50%, and 20.65%, respectively, at the last auction in October (compared to 17.00%, 17.50%, and 20.00% recorded at the last auction held in September).

In the secondary market, the bears dominating sessions, helped by the longer periods of financial system illiquidity in October. Consequently, the average yields on NT-bills at secondary market levels climbed by 220bps m/m to close the month of Oct-2024 at 24.12% (previously 21.92%). In the same vein, the average yield on OMO bills climbed by 252bps to settle at 26.13% in Sept-2024 from 23.61% in the prior month.

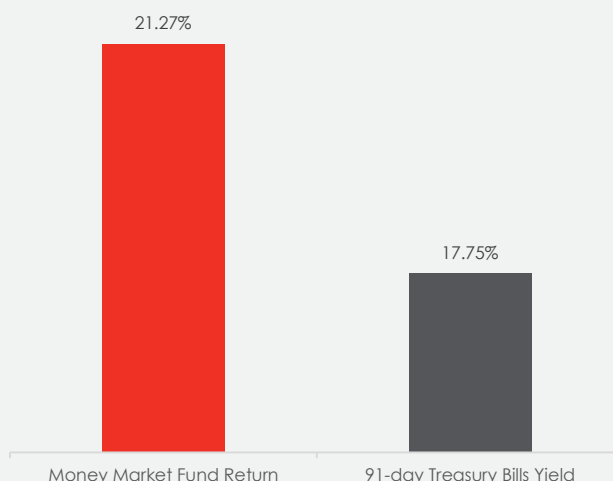
**Looking into November 2024, we anticipate mixed levels of financial system liquidity, driven by some factors including CRR debits, OMO auction, FAAC payments, CRR refunds, coupon payments, and OMO maturities. The last MPC meeting for the year 2024 is scheduled for 25 and 26 November 2024. We expect the expectations for another hike (at least +50bps) at the meeting to keep interest rate environment elevated around current levels. Overall, we expect mixed sentiments in the money market, with financial system liquidity driving the nature and magnitude of interests toward money market instruments. Ultimately, FTD and money market rates will likely remain around current levels.**

**FUND FEATURES**

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	67.1bn
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

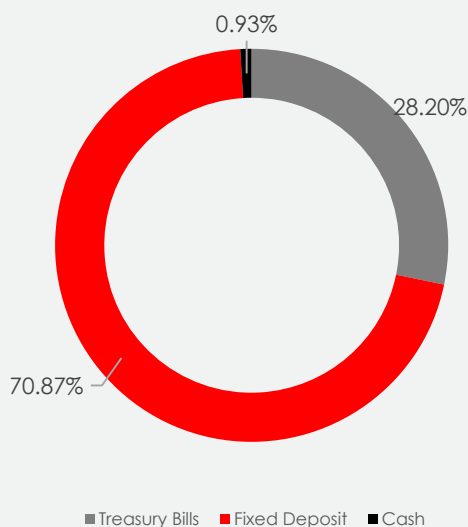
**Money Market Fund Return vs Benchmark**



**MATURITY PROFILE OF ASSETS**

0-30days	34.65%
31-60days	30.85%
61-90days	10.06%
91-180days	14.87%
180-365 days	9.56%

**Current Portfolio Holdings**



**Governance Asset Allocation Ranges:**

Money Market Fixed Deposits (Max.75%); Short Term Securities: (Min. 25%)

**RETURN HISTORY**

	2019	2020	2021	2022	2023	Oct. 2024
Money Market Fund Returns	12.9%	5.42%	6.91%	9.34%	11.48%	21.27%
Benchmark Returns	11.2%	1.52%	3.34%	3.97%	7.00%	17.75%

\*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 21.27% as at end of October 2024, from 21.32% in the previous month. Meanwhile, benchmark return remained flat at 17.75% as at end of October 2024.

In the primary market, the Central Bank of Nigeria held two NT-bill auctions during the month, aimed at rolling over maturing bills worth N456.6 billion, a 26.68% MoM decline. Investor interest was notably strong, with total demand reaching N763.12 billion, resulting in a bid-to-cover ratio of 1.67x. In the secondary market, the bears dominating sessions, helped by the longer periods of financial system illiquidity in October. Consequently, the average yields on NT-bills at secondary market levels climbed by 220bps m/m to close the month of Oct-2024 at 24.12% (previously 21.92%).

In November 2024, we anticipate that the system liquidity to be lower compared to October owing to a reduction in bond coupons and maturities. We expect that the decision of the monetary authority at its November meeting will also give the direction of yield in the money market.

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.

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](http://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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