

United Capital Money Market Fund | Monthly Fact Sheet



January-22

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

Last month, activities in the money market maintained its bullish momentum in the month of January as rates trended lower. System liquidity improved on the back of inflows from maturing bills, coupon payments and FAAC credits. Also, the CBN surprisingly chose to limit its CRR debits which we interpret as a move to keep the financial markets liquid and maintain low market interest rates. As a result, the heavy liquidity in January pushed interbank rates lower for the month as average Open Buy Back (OBB) and Overnight rates (OVN) fell m/m by 90bps and 80bps to print at 9.1% and 9.7%, respectively.

At the primary market, the CBN conducted three OMO auctions and two NT-bills auctions. For the OMO auctions, the CBN sold a total of ₦80.0bn in OMO bills at the auctions with stop rates unchanged at 7.0%, 8.5% and 10.1% across the short-, mid-, and long end of the curve. At the NT-bills auctions, the CBN sold a total of ₦281.3bn across the 91-day, 182-day and 364-day tenors, 36.0% higher than the amount offered. Clearly, the sizable amount of liquidity within the financial system in January contributed to strong interest from investors resulting in significant oversubscription at the auctions. Stop rates on the 91-day, 182-day and 364-day bills closed the month at 2.5%, 3.3% and 5.4% respectively.

In the secondary market, bullish sentiments dominated as average NT-bills yield fell by 10bps m/m to close at 4.5% (previously 4.6%). Clearly, the heavy maturities in January supported investors interest in short-tenor bills which has continued to drive rates lower.

Looking ahead, we expect activities in the NT-bills market to remain bullish. In February, ₦213.2bn worth of NT-bills will mature in alongside ₦539bn worth of OMO bills. We expect that these maturities will leave a fair amount of liquidity at the short end of the curve. As a result, we see the possibility of sustained bullish sentiments on NT-bills in February.

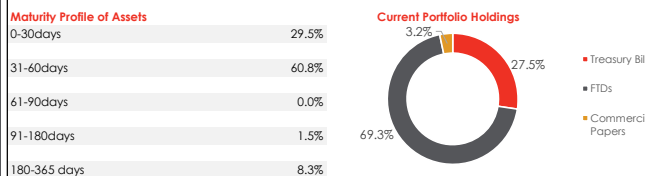
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The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

† 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 Manager | United Capital Asset Management Ltd |
| Base Currency/Start Year | Naira/2006 |
| Fund Size (₦) | 22.2bn |
| NAV Per Share (₦) | 1.0 |
| Minimum Entry (₦) | 10,000 |
| Additional Investment (₦) | 5,000 |
| Structure | Open Ended |
| Minimum Holding Period | 30 days |
| Benchmark | 91-day T-Bills |
| Management Fee | 1.0% |
| Total Expense Ratio* | 1.1% |
| Risk Profile | Low |
| Income Distribution | Quarterly |



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

Governance Asset Allocation Range

Money Market (100%)

Why Choose the Fund?

- Short-term capital preservation
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework

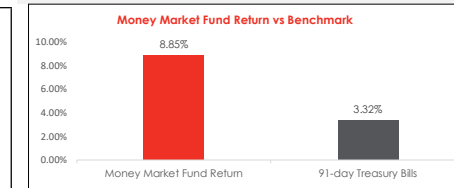
How to Participate

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.

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 8.85% for the month of January 2022, higher than the benchmark rate of 3.32%. The performance of the Fund was driven by lower interest rate reflected by decrease 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 declining yield environment.



Investment Risks

- Market risk relating to policy somersault
- Macroeconomic instability
- Interest Rate Risk

Return History

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Jan-22 |
|---------------------------|-------|-------|-------|-------|--------|-------|-------|--------|
| Money Market Fund Returns | 11.3% | 13.1% | 14.2% | 12.9% | 12.87% | 5.42% | 6.91% | 8.85% |
| Benchmark Returns | 2.4% | 13.7% | 11.0% | 12.6% | 11.16% | 1.52% | 3.34% | 3.32% |

*Represents the Fund's Effective yield vs the Benchmark Return