

United Capital Money Market Fund | Monthly Fact Sheet



July-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, the financial system liquidity remained tight, closing at a deficit of N89.9bn due to the absence of significant inflows in the market. Despite OMO maturities and coupon flows worth N256.0bn, mop-up activities conducted by the CBN and DMO via auctions weighed on the liquidity levels. In addition, the 100bps hike in the benchmark interest rate by the Monetary Policy Committee (MPC) set the tone for the inter-bank lending ceiling rate. As a result, the funding rates for banks elevated further within the double-digit terrain, with average Open Policy Rates (OPR) and Overnight rates surging significantly higher by 3.2% m/m and 3.0% m/m, to close at 14.3% and 14.5%, respectively, vs its previous close of 11.1% and 11.4% in Jun-2022.

The CBN conducted two primary market NTB auctions with a total of N407.6bn on offer across the 91-day, 182-day, and 364-day bills. The auctions witnessed bearish sentiments as investors demanded higher yields for their funds—the bid-to-cover ratio of the auctions printed at 1.1x, with a total subscription of N465.97bn. The CBN sold the sum of N407.6bn in both auctions, equivalent to the total offerings. That said, stop rates on the 91-day, 182-day, and 364-day bills closed the month at 2.8%, 4.1% and 7.0%, climbing higher by 40bps, 31bps, and 93bps, respectively.

In the secondary money market, investors' sentiment was bearish, especially toward the short-mid end of the curve. The average yields in the secondary space climbed higher by 2.4ppts m/m to close the month at 7.7% from June's close of 5.3%.

Looking ahead, we expect the financial system liquidity to remain tight, as a total of N667.1bn worth of sovereign maturities hit the system in August, 7.2% lower than July's inflow. We believe the interbank lending rates will continue to trade at ceiling levels of 14.0% - 15.0%. Lastly, we anticipate rates will remain elevated in the money and FTD markets, as system illiquidity, the FGN's fiscal imbalance and hawkish monetary policy

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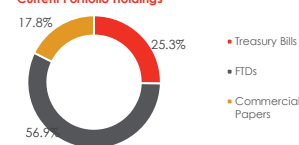
The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	21.5bn
NAV Per Share (N)	1.0
Minimum Entry (N)	10,000
Additional Investment (N)	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

Maturity Profile of Assets

0-30days	42.0%
31-60days	34.7%
61-90days	4.3%
91-180days	12.3%
180-365 days	6.8%

Current Portfolio Holdings



*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 8.08% for the month of July 2022, higher than the benchmark rate of 2.44%. The performance of the Fund was driven by higher interest rate reflected by increase 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 unitholders. The Fund is well positioned to deliver above-average returns despite the yield environment.

Money Market Fund Return vs Benchmark



Investment Risks

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

Return History

	2015	2016	2017	2018	2019	2020	2021	Jul-22
Money Market Fund Returns	11.3%	13.1%	14.2%	12.9%	12.87%	5.42%	6.91%	8.08%
Benchmark Returns	2.4%	13.7%	11.0%	12.6%	11.16%	1.52%	3.34%	2.44%

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

*ast 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 his 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.