

United Capital Money Market Fund | Monthly Fact Sheet



October-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 witnessed the bulk of the maturities scheduled for Q4-22. The financial system was relatively liquid owing to the significant maturities (N765.4bn) in September against an aggregate PMA offering of c.N684.5bn (N225.0bn of Sovereign bond offerings, N431.2bn of NT-bills, and N30.0bn of OMO bills). Noteworthy to highlight is that the financial system closed the month liquid with a balance of N220.8bn. Despite the improved system liquidity, the follow-through impact of the hike in benchmark interest rate and CRR debits of c.N200.0bn drove money market rates higher. Funding rates between banks remained elevated staying mostly within the 15.0% to 16.0% region. Average Open Repo Rate (OPR) and Overnight Rate (O/N) climbed m/m by 419bps and 411bps to print at 16.1% and 16.5% respectively.

The CBN conducted two primary market NTB auctions to roll over maturing bills to the tune of N431.2bn, spread across the 91-day, 182-day, and 364-day bills. The auction witnessed weak investor appetite as the impact of the CBN's discount window restriction continued to drag on investor demand (mainly for banks). Total bids from both auctions printed at N248.9bn, implying a bid-to-cover ratio of 0.6x, largely tilted toward the 364-day paper. In line with the recent trend, the CBN opted to undersell the auction with an allotment rate of 0.3x. Given the weaker demand relative to the CBN's offer for sale, stop rates trended mostly higher at the auctions. As a result, stop rates across the 91-day, 182-day, and 364-day bills climbed higher by 1bp, 55bps, and 250bps to settle at 6.5%, 8.1%, and 14.5%, respectively.

The secondary NT-Bills market followed similar trading patterns with the primary market as bearish sentiments dominated market activities. Overall, average NTB rate in the secondary market climbed by a significant 362bps m/m to close the month at 10.5% vs September's close of 6.9%. The CBN did not conduct any OMO auction in the month under review. However, the secondary market for OMO bills witnessed bearish sentiments from investors, as the average rate in the secondary market for OMO bills rose 38bps m/m to settle at 10.2% vs the previous print of 9.8%.

Looking ahead, we maintain our higher rates prognosis across all money market instruments, with average funding rates remaining elevated around current levels, supported by an overall tight financial system. We anticipate a tighter financial system in November, with total expected sovereign maturities of N609.3bn, 20.4% lower than October's sovereign inflow. Also, we expect the outcome of the MPC meeting scheduled to hold on the 21st and 22nd of November to set the tone for the continued uptick of yields in the fixed-income environment going forward.

Contact Us:

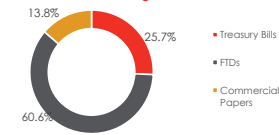
Emmanuel Akehomen | +234-703-180-3064
emmanuel.akehomen@unitedcapitalgroup.com
 Asset Management | +234-1-631-7874
mutualfunds@unitedcapitalgroup.com

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 (M)	25.1bn
NAV Per Share (M)	1.0
Minimum Entry (M)	10,000
Additional Investment (M)	5,000
Structure	Open Ended
Minimum Holding Period	30 days
Benchmark	91-day T-Bills
Management Fee	1.0%
Total Expense Ratio*	1.3%
Risk Profile	Low
Income Distribution	Quarterly

Maturity Profile of Assets	
0-30days	68.9%
31-60days	3.8%
61-90days	10.1%
91-180days	12.6%
180-365 days	4.6%

Current Portfolio Holdings



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

Governance Asset Allocation Range

Money Market (100%)

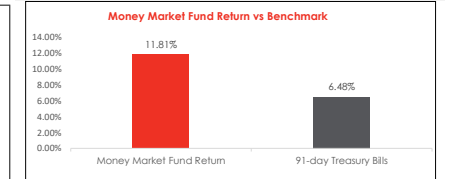
Why Choose the Fund?

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

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 11.81% for the month of October 2022, higher than the benchmark rate of 5.30%. 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.



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.

Return History

	2015	2016	2017	2018	2019	2020	2021	Oct-22
Money Market Fund Returns	11.3%	13.1%	14.2%	12.9%	12.87%	5.42%	6.91%	11.81%
Benchmark Returns	2.4%	13.7%	11.0%	12.6%	11.16%	1.52%	3.34%	6.48%

*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 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.