

United Capital Money Market Fund | Monthly Fact Sheet



November-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 opened with a surplus of N279.1bn. The financial system was supported by coupon payments to the tune of N23.5bn and OMO maturities totalling c. N180.0bn. In addition, FAAC inflows to the tune of N348.7bn also bolstered system liquidity. Hence, the financial system closed liquid with a balance of N163.6bn on the last day of November. The improved liquidity position in the month resulted in the average Open Repo Rate (OPR) and Overnight Rate (O/N) declining m/m by 3.3ppts to print at 12.8% and 13.2%, respectively.

The CBN conducted two primary market NTB auctions to roll over maturing bills to the tune of N406.4bn, spread across the 91-day, 182-day, and 364-day bills. At the first Primary Market Auction (PMA), the Central Bank of Nigeria (CBN) rolled over a total of N193.0bn maturing bills. At the auction, investors' demand was strong, particularly skewed towards the tail-end of the curve. The auction was oversubscribed by 2.7x, with total subscription printing at N520.9bn. The apex bank opted to oversell the auction, allotting a total of N310.1bn worth of bills. Notably, stop rates remained unchanged at 6.5% and 8.1%, while the stop rate on the 364-day declined by 51bps to settle at 13.99%.

At the second PMA, the Central Bank of Nigeria (CBN) rolled over a total of N213.4bn maturing bills. At the auction, investors' demand was strong, skewed towards the tail-end of the curve. The auction was oversubscribed by 1.6x, with total subscription printing at N360.3bn. The apex bank opted to sell the exact offer amounts. Notably, stop rates for the 91-day, and 182-day bills remained unchanged at 6.5% and 8.1%, while the stop rate on the 364-day climbed by 85bps to settle at 14.8%.

The NT-Bills secondary market was bullish, as increased demand across the curve pushed prices higher. Hence, average NTB yields in the secondary market declined by 53bps m/m to close the month at 10.5%.

The CBN elected to conduct a single OMO auction to mop up excess liquidity in the system. Despite being oversubscribed by 4.9x, the apex bank sold the exact N20.0bn on offer. The stop rates were maintained at 7.0%, 8.5% and 10.1% for the 110,180 and 334-day papers, respectively. In the secondary market, investors were bullish as excess liquidity ignited secondary market demand. Hence the average yield in the secondary market for OMO bills declined by 9bps m/m to settle at 10.1%.

Looking ahead, we anticipate a lighter financial system in December, with total expected sovereign maturities of N170.4bn, 72.0% lower than November's inflows and 52.7% lower than total expected auctions (N360.4bn). As a result, we expect money market yields to trend higher in December.

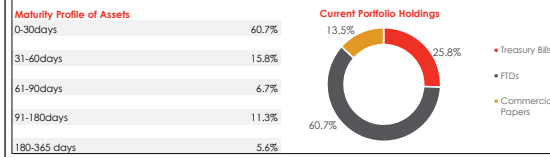
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The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

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 (M)	25.1bn
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*	1.3%
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.

Return History

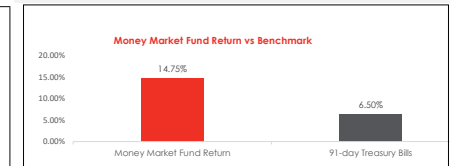
	2015	2016	2017	2018	2019	2020	2021	Nov-22
Money Market Fund Returns	11.3%	13.1%	14.2%	12.9%	12.87%	5.42%	6.91%	14.75%
Benchmark Returns	2.4%	13.7%	11.0%	12.6%	11.16%	1.52%	3.34%	6.50%

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

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 14.75% for the month of October 2022, higher than the benchmark rate of 6.50%. 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.



Investment Risks

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