

# United Capital Money Market Fund | Monthly Fact Sheet



February-21

## 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, money market rates continued to rise in line with investors' demand for higher yields at the primary market amidst increasing deficit financing program by the government. Notably, OBB and OVN rate at the interbank market surged to 20.0% during the month amid CRR debits, aggressive OMO mop-ups, and SMIS FX sales which tightened system liquidity. However, towards the end of the month, FAAC inflows and bond coupon payments hit the financial system to bolster system liquidity. Consequently, OBB and OVN rates closed the month at 5.67% and 6.33%, respectively, from 10.5% and 11.0% at the end of January.

In the secondary NTB market, proceedings remained broadly bearish as the average yield closed the month at 1.49%, up 45bps m/m from the average yield of 1.05% at the end of January. Notably, selling pressures were prominent at all ends of the curve, but mid and long tenor bills received the biggest selloffs as average yield at those ends of the curve rose 74bps m/m and 44bps m/m, respectively. Broadly, the bearish sentiment was spurred on by an uptick in rates at the primary market auctions. Similarly, proceedings in the secondary OMO bills market were steeply bearish, with an average yield surging 444bps m/m to close at 6.09% for February from 1.65% at the end of January. The steep reversal in yields at the OMO market was driven by CBN's decision to hike rates at the OMO auctions in February.

During the month, the CBN conducted two Primary Market Auctions (PMA) for Treasury Bills and three OMO auctions. At the OMO auctions, the CBN continued to sell huge volumes of the long tenor OMO bills, indicating the initial phase of policy tightening and a move to attract more FX flows. Corroborating this, the CBN surprisingly raised the stop rates for the OMO auctions, with the one-year bill closing at 10.10% at the last auction for the month compared to the January's closing rate of 5.74%. At the PMAs, stop rates also closed higher at all ends of the curve as the 91-day, 182-day and 364-day bills closed at 2.00% (prev.0.55%), 3.50% (prev. 1.3%) and 5.5% (prev. 2.0%) respectively, in the final auction for February.

Looking ahead, we expect the push for higher yields, evidenced in the bid range at the primary auctions, will continue to guide rates higher. A factor that could drive yields lower would be the CBN's doing a "no sale" auction, which we rule out, considering the FG's huge deficit financing needs.

## Contact Us:

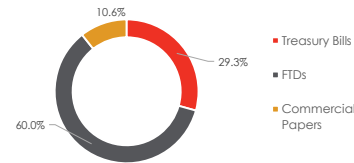
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	11.9bn
NAV Per Share (₦)	1.0
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	30 days
Benchmark	91-day T-Bills
Management Fee	1.0%
Total Expense Ratio*	1.1%
Risk Profile	Low
Income Distribution	Quarterly

## Maturity Profile of Assets

0-30days	56.5%
31-60days	11.4%
61-90days	6.4%
91-180days	21.9%
180-365 days	3.8%

## 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](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.

## Return History

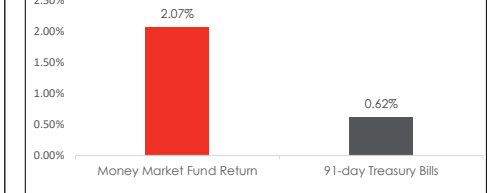
	2015	2016	2017	2018	2019	2020	Feb-21
Money Market Fund Returns	11.3%	13.1%	14.2%	12.9%	12.87%	5.42%	2.07%
Benchmark Returns	2.4%	13.7%	11.0%	12.6%	11.16%	1.52%	0.62%

## PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 2.07% for the month of February 2021 higher than the benchmark rate of 0.62%. 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 subscribers. The Fund is well positioned to deliver above-average returns despite the current low yield environment.

## Money Market Fund Return vs Benchmark



## Investment Risks

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

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

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