

United Capital Money Market Fund | Monthly Fact Sheet



March-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

System liquidity tightened in the month of March as OBB and OVN rate at the interbank market rose to a high of 25.0%. This was driven by sustain liquidity mop-up (via OMO) by the CBN, CRR debits, and SMIS FX sales debits. 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 8.3% and 9.3%, respectively, from 5.7% and 6.3% at the end of February.

In the primary market, the CBN conducted three (3) PMAs and five (5) OMO auctions in the month of March. At its OMO auctions, the CBN continued to make the bulk of the OMO sales at the longer tenors, further indicating the initial phase of policy tightening and a possible move to attract more FX flows. However, stop rates remained unchanged, closing at 7.0%, 8.5% and 10.1% throughout all the auctions for the approx. 91-day, 182-day and 364-day, respectively. For the NTBills auctions, stop rates for the 91-day, 182-day closed flat at 2.00%, 3.50%. However, we observed gradual upticks in stop rates for the 364-day paper closing at 8.0% (prev. 7.0%) at the last auction in Mar-2021.

Consequent on the above, market sentiment remained broadly bearish. As such, the average yield closed the month at 3.25%, up 220bbps m/m from the average yield of 1.60% at the end of February. Notably, selling pressures were prominent at all ends of the curve. However, the long tenor bills received the most significant selloffs as average yield on all 10 to 12-month bills rose by 406bbps m/m to 6.1%, taking a cue from the gradual upticks in stop rates for longer-tenured bills at the PMA. Similarly, proceedings in the secondary OMO bills market were also bearish, with an average yield surging 69bps m/m to close at 6.25% as at the end of March.

Looking ahead, we still expect bearish sentiment in the money market to be sustained. Clearly, the demand for higher yields, evidenced in the bid range at primary auctions, will continue to guide rates higher

Contact Us:

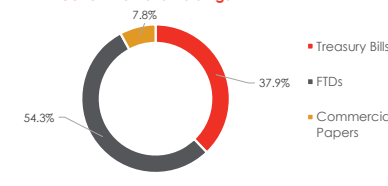
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	11.1bn
NAV Per Share (₦)	1.0
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	30 days
Benchmark	91-day T-Bills
Management Fee	1.0%
Total Expense Ratio*	1.1%
Risk Profile	Low
Income Distribution	Quarterly

Maturity Profile of Assets

0-30days	50.8%
31-60days	12.6%
61-90days	3.6%
91-180days	19.6%
180-365 days	13.5%

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

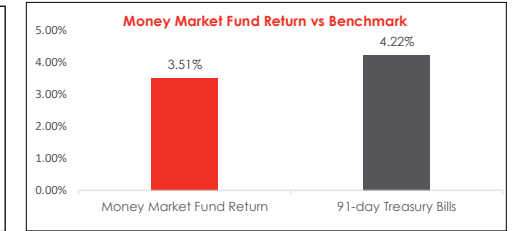
How to Participate

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 3.51% for the month of March 2021, lower than the benchmark rate of 4.22%. 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.



Investment Risks

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

Return History

	2015	2016	2017	2018	2019	2020	Mar-21
Money Market Fund Returns	11.3%	13.1%	14.2%	12.9%	12.87%	5.42%	3.51%
Benchmark Returns	2.4%	13.7%	11.0%	12.6%	11.16%	1.52%	4.22%

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

* Past performance is not a reliable indicator of future performance. 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.