

United Capital Money Market Fund | Monthly Fact Sheet



February-23

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

In February, the financial system ("the system") opened with a N1.2tn surplus. The system remained broadly liquid, supported by maturities, FAAC inflows and the remainder of the inflows from the Naira redesign policy. OMO maturities totaling 175.0bn and FAAC inflows of c. N355.0bn bolstered the system.

However, within the month, the system experienced brief pockets of illiquidity, with the financial system entering into a deficit of N57.8bn at the end of the month. Based on the foregoing, funding rates veered between single and double digits during the month. Consequently, the average Open Repo Rate (OPR) and Overnight Rate (O/N) rose m/m by 2.1ppts and 2.0ppts to print at 12.2% and 12.6%, respectively. System liquidity closed with a balance of N985.5bn on 28-Feb.

In the month c. N480.6bn worth of NT-bills matured. The CBN conducted two NT-bill primary market auctions. At the first auction, the CBN conducted an NT-bill auction with N217.1bn worth of bills across the 91-day, 182-day and 364-day papers. The auction was met with overwhelming demand from investors amid the liquid financial system. Total subscription printing at N1.1tn, implying a bid-to-cover ratio of 4.5x, with the 364-day bill oversubscribed by 4.8x. The CBN opted to oversell, with an entire allotment of N417.1bn. Therefore, stop rates fell 19bps, 150bps and 254bps to close at 0.1%, 0.3%, and 2.24% across the 91-day, 182-day and 364-day papers, respectively.

At the second auction, N236.5bn worth of bills were offered across the 91-day, 182-day and 364-day papers. Demand from investors at the auction was strong, with total subscription printing at N296.8bn, implying a bid-to-cover ratio of 1.3x. The CBN opted to sell the exact amount on offer. The temporarily illiquid financial system pre-auction made investors more aggressive with bids. Thus, stop rates climbed significantly by 2.9ppt each for the 91-day and 182-day papers to settle at 3.0% and 3.2%, respectively, while the stop rate on the 364-day paper rose by 7.7ppt to 9.9%.

In the secondary market, the effect of the hike in stop rates at the primary markets was felt, as the auxiliary markets were broadly bearish. Thus, the average yield on NT-bills rose by 246bps m/m to close the month at 4.0%.

Looking ahead, we expect the downward pressures on rates in the money market to persist in Mar-2023, hinged on the expectations of a relatively surplus system liquidity and net inflows in the quarter. In addition, a total of N90.0bn OMO bills would be maturing in March. Thus, we expect sustained downward pressure on funding rates and stop rates across auctions.

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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 (M)	46.3bn
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

PERFORMANCE REVIEW

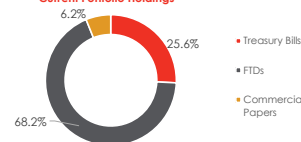
The United Capital Money Market Fund yielded an average return of 12.09% for the month of February 2023, higher than the benchmark rate of 0.87%. The performance of the Fund was driven by lower interest rate reflected by decline in yields in money market instruments.

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 declining yield environment.

Maturity Profile of Assets

0-30days	37.9%
31-60days	14.0%
61-90days	22.4%
91-180days	24.4%
180-365 days	1.3%

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

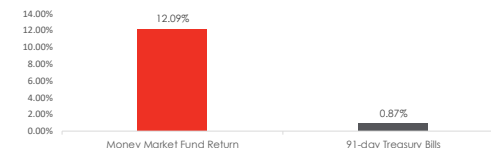
1. Log in to our online platform www.investnow.ng
2. Click on "Money Market Fund"
3. Click on "Open an account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments.

Return History

	2016	2017	2018	2019	2020	2021	2022	Feb-23
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	12.09%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	0.87%

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

Money Market Fund Return vs Benchmark



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.