

United Capital Money Market Fund | Monthly Fact Sheet



April-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 April, the financial system opened with a balance of N43.3bn. The system remained broadly illiquid in the first half of the month due to the absence of any maturity or inflows. However, the system liquidity reflat in the last two weeks of the month following inflows from coupon payments to the tune of N236.0bn and N736.0bn worth of bond maturity. Overall, the financial system remained buoyant closing the month with a surplus of N1.1tn. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) declined m/m by 587bps and 575bps to print at 12.63% and 13.13%, respectively.

At the primary market, the Central Bank of Nigeria (CBN) conducted two NT-bills auctions in April. The CBN offered a total of N281.1bn worth of bills across the 91-day, 182-day and 364-day bills. The auction was met with strong investor demand owing to the buoyant liquidity in the system, with total subscriptions printing at N1.1tn, implying a bid-to-cover ratio of 3.9x. Notably, the Apex Bank sold just the amount offered at the auctions. As a result, the stop rates across the 91-day and 364-day bills trended lower throughout the month, declining by 70bps and 457bps to close the year at 5.30% and 10.17%, respectively (previously, 6.00% and 14.74%). On the other hand, the stop rate on the 182-day bill remained unchanged to settle at 8.00%.

In the secondary market, we saw significant bullish sentiments for most of the month. Investors sought to fulfil their unmet demands from the Primary Market Auction (PMA) and reinvest the excess inflows that hit the system. As a result, the average NT-bills yield declined by 43bps m/m to close at 7.3% (previously 7.7%).

Looking ahead, we expect the downward pressures on rates in the money market to begin to slow down as we expect a yield curve reversal hinged on the expectations of a lighter financial system in May. During the month, we expect a total of N75.0bn OMO maturities and N23.5bn worth of coupon payments (90.0% lower than April's figure) to hit the system. We believe that most of the liquidity would be mopped up by the CBN through CRR debits and FX retail auctions. Thus, we expect an upward rate reversal as funding rates and stop rates across auctions would begin to trend higher in the last two weeks of May, given the depressed system liquidity.

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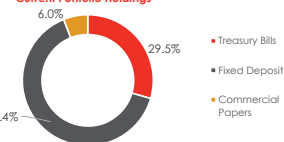
The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (M)	41.6bn
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

Maturity Profile of Assets

0-30days	32.0%
31-60days	31.2%
61-90days	1.1%
91-180days	30.1%
180-365 days	5.6%

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

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	Apr-23
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	10.18%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	5.88%

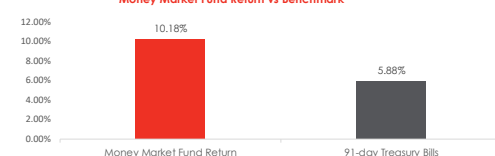
* Represents the Fund's Effective yield vs the Benchmark Return

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 10.18% for the month of April 2023, higher than the benchmark rate of 5.88%. 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.

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.