

United Capital Money Market Fund | Monthly Fact Sheet



May-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 May, the financial system opened with a balance of N231.4bn, after the CBN's CRR Debit (N834.8bn) drained a significant portion of the excess liquidity which came in at the end of the month of April-2023. The system remained broadly liquid throughout the month in review, supported by additional inflows from CRR refunds, OMO maturities (N80.0bn) and coupon payments (N23.5bn). Overall, the financial system remained buoyant closing the month with a balance of N114.8bn. Consequently, the monthly average of Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 458bps m/m and 447bps m/m to print at 12.40% and 12.89%, respectively.

At the primary market, the CBN conducted two NT-bills auctions in May. The CBN offered a total of N324.4bn worth of bills across the 91-day, 182-day and 364-day bills. The auction was met with strong investors' demand owing to the buoyant liquidity in the system, with total subscriptions printing at N2.3tn, implying a bid-to-cover ratio of 7.2x. Notably, the Apex Bank sold just the amount offered at the auctions. As a result, the stop rates across all the tenors offered trended lower at both auctions, declining by 301bps, 301bps, and 218bps to close at 2.29%, 4.99%, and 7.99%, respectively (previously, 5.30%, 8.00%, and 10.17%).

We saw significant bullish sentiments in the secondary market for most of the month. Investors sought to fulfil their unmet demands from the Primary Market's auction and reinvest the excess inflows that hit the system. As a result, the average NT-bills yield declined by 112bps m/m to close at 6.2% (previously 7.3%).

In June, we expect the financial system to be mostly illiquid in the absence of any OMO maturity or coupon inflow. Hence our expectation for an upward reversal of rates at the short end of the curve. Another critical factor upon which our expectation is based is the MPC's recent 50bps hike in MPR (currently at 18.5%). We expect the two (2) factors mentioned above to play a vital role in the northward drive of rates in the money market as investors, treasuries and fund managers resume their demand for higher rates amid supporting fundamentals.

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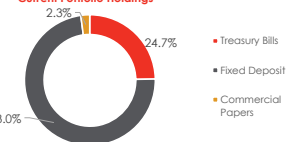
The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (M)	46.8bn
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	71.7%
31-60days	1.1%
61-90days	1.4%
91-180days	25.8%
180-365 days	0.0%

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

	2014	2017	2018	2019	2020	2021	2022	May-23
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	10.67%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	4.37%

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

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 10.67% for the month of May 2023, higher than the benchmark rate of 4.37%. 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.