United Capital Money Market Fund | Monthly Fact Sheet

United Capital
Asset Management

June-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 June, the financial system opened with a balance of N162.7bn. Even though there were no maturities (excl. maturing NT bills that were rolled over) in the month under review, the financial system closed the month buoyant, helped by CRR refunds (N600.0bn), FX maturities, and FAAC payments (N786.0bn). That said, the financial system remained buoyant, closing the month with a balance of N1.2tn. Consequently, the monthly average of Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 310bps m/m and 310bps m/m to print at 9.30% and 9.79%, respectively. The reasons for the decline can be attributed to the removal of the cap on interbank rates by the CBN, which happened in the month under review.

During last month, there were three (3) NT-bills auctions conducted at the primary market. The CBN rolled over a total of N404.5bn 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 N1.9tn, implying a bid-to-cover ratio of 4.6x. The liquid financial system was a strong driver of rates at the different auctions, influencing the direction of rates. There was strong interest from the mid-long end of the curve. Thus, stop rates on the 182-day and 364-day tapered by 62bps m/m and 176bps m/m to print at 4.4% and 6.2%, respectively (previously 4.99% and 7.99%). However, stop rates on the 91-day bill nudged higher by 58bps m/m to close at 2.9% (previously 2.29%). This came on the back of investors' demand for higher rates prior to the heavy inflow from CRR refunds and FAAC.

The narrative at the secondary market was championed by investors' demand for higher rates. Overall expectations for a higher interest rate environment vis-à-vis the widening negative interest rate environment were cut short by the liquid financial system. Investors were mostly bearish in a bid to drive rates higher. As a result, the average yield on all NT-bills climbed higher by 17bps m/m to close at 6.4% (previously 6.2%).

In July, we expect a total sovereign inflow of N663.6bn across the NT-bills (N406.1bn), corporate bonds (N4.9bn), and sovereign bonds (coupon payments to the tune of N257.5bn) segments. We expect system liquidity to remain the key driver of rates in the market. Other factors that will look to guarantee liquidity include the new administration's drive to usher in a lower interest rate regime, FAAC inflow, and less aggressive CRR debits (@ a fixed rate of 32.5%). Overall, we expect FTD and money market rates to hover around current levels, with a likelihood of tapering further, until a bottom is reached. Finally, the MPC will be holding its 292nd meeting on the 24th and 25th of July 2023, to decide on the next MPR rate. Although our expectations are more cast toward a HOLD @ 18.5%, we don't see the influence of the monetary policy rate (MPR) surpassing the influence of liquidity in the financial system.

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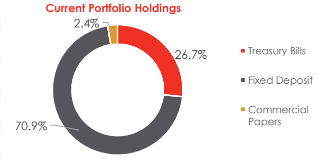
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	44.8bn
NAV Per Share (₦)	1.0
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	30 days
Benchmark	91-day T-Bills
Management Fee	1.0%
Total Expense Ratio*	1.3%
Risk Profile	Low
Income Distribution	Quarterly

Maturity Profile of Assets

0-30days	37.0%
31-60days	36.4%
61-90days	0.4%
91-180days	26.1%
180-365 days	0.0%

Current Portfolio Holdings



** Inclusive of management fee; Returns are net of all fees*

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 10.10% for the month of June 2023, higher than the benchmark rate of 4.81%. The performance of the Fund was driven by lower interest rate reflected by decline in yields in money market intruments.

The Fund will continue to invest in high quality money market instruments that generate competive 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

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

Investment Risks

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

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	Jun-23
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	10.10%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	4.81%

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

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