

United Capital Money Market Fund | Monthly Fact Sheet



July-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 July, the financial system had a N788.1bn opening balance. Although system liquidity remained high throughout the month, FGN Bond settlements drove liquidity to a -N21.8bn deficit due to an over-allocation at the auction. The resulting illiquidity drove the average Open Repo Rate (OPR) and Overnight Rate (OVN) up to 11.3% and 12.0%, respectively. Nevertheless, FAAC payments and coupon inflows to the tune of N128.9bn boosted system liquidity. That said, the financial system closed the month with a N788.9bn balance. Thus, the Open Repo Rate (OPR) and the Overnight Rate (OVN) closed at 0.92% and 1.42% respectively.

The CBN conducted two (2) NT-Bills primary market auctions in July. At the 1st auction of the month, the CBN rolled over N141.8bn in maturing bills. The auction was oversubscribed by 4.9x, with total bids printing at N601.9bn. Stop rates across all the tenors tapered. Stop rates on the 91-day, 181-day, and 364-day bills slipped by 1bp, 87bps, and 29bps, to print at 2.86%, 3.50%, and 5.94%, respectively. At the 2nd auction of the month, the CBN rolled over maturing bills to the tune of N264.3bn. The auction was met with decent demand, up to N398.2bn, implying a bid-to-cover ratio of 1.5x. At the auction, the CBN allotted the exact amount on offer. That said, stop rates across all the tenors surged, climbing by 3.1ppts, 4.5ppts, and 6.2ppts, to print at 6.0%, 8.0%, and 12.2%, the 91-day, 182-day, and 364-day bills respectively.

In the secondary market, the prevailing system liquidity over the course of the month fueled bullish sentiments. However, in the wake of the CBN's announcement of stringent compliance with its 60.0% Loan Deposit Ratio (LDR), there was sell pressure as banks sought to shrink their balance sheets in their efforts to comply with the CBN's directive. Therefore, the average yield on NT-Bills rose by 0.72ppts m/m to close at 7.1% (previously 6.4%).

In August, we expect system liquidity to remain the key driver of rates in the market. In the money market, NT-Bills worth N431.2bn are expected to mature in the month. Liquidity will be supported by larger FAAC payments resulting from savings from petrol subsidy payments and the defence of the domestic currency. In line with the new administration's effort to sustain a low-interest rate regime, we do not expect the liquidity to be mopped up by the CBN through CRR debits or FX retail auctions.

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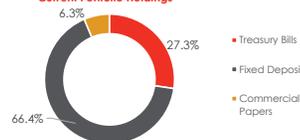
The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (M)	45.3bn
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	45.6%
31-60days	24.6%
61-90days	0.0%
91-180days	26.9%
180-365 days	2.9%

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	Jul-23
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	9.28%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	3.47%

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

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 9.28 % for the month of July 2023, higher than the benchmark rate of 3.47%. 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.