

United Capital Money Market Fund | Monthly Fact Sheet



September-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 September, the financial system opened with a balance of N353.6bn. The system remained broadly illiquid for most of the month due to the absence of any maturity or inflows. However, the system liquidity refilled in the last week of the month following inflows from coupon payments to the tune of N351.9bn. The financial system remained buoyant, closing the month with a surplus of N405.3bn. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) both climbed m/m by 80bps to print at 2.70% and 3.40%, respectively.

In September, the Central Bank of Nigeria (CBN or Apex Bank) conducted three NT-bills auctions in the primary market. The CBN offered a total of N544.1bn 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 N2.3tn, implying a bid-to-cover ratio of 4.2x. Notably, the Apex Bank sold just the amount offered at the auctions. As a result, the stop rates across the 91-day, 182-day and 364-day bills trended lower throughout the month, declining by 20bps, 145bps and 260bps to close the month at 4.99%, 6.55% and 11.37%, respectively (previously, 5.19%, 8.00% and 13.97%).

In the secondary market, we saw significant bearish sentiments throughout the month, supported by the broad-based illiquidity in the financial system. As a result, the average NT-bills yield rose by 67bps m/m to close at 7.94% (previously 7.27%). Similarly, the average yield on OMO bills climbed by 110bps to settle at 12.1% (previously 11.0%).

Looking ahead, we expect system liquidity to be the primary driver of money market rates. We envisage liquidity primarily supported by FAAC payments on the back of savings from petrol subsidy payments. During the month, we expect N10.0bn OMO maturities and N189.0bn worth of coupon payments (46.3% lower than September's figure) to hit the financial system. However, these inflows will come in at the tail-end of the month. Hence, we anticipate an illiquid system in the first two weeks of October. As a result, we believe that money market rates will trend slightly higher at current levels at the start of October, with the likelihood of reversing lower towards the end of the month.

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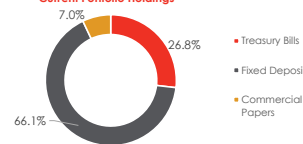
The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (M)	44.5bn
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	61.7%
31-60days	3.2%
61-90days	5.4%
91-180days	27.4%
180-365 days	2.4%

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.

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 9.82% for the month of September 2023, higher than the benchmark rate of 5.66%. 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



Investment Risks

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

Return History

	2016	2017	2018	2019	2020	2021	2022	Sep-23
Money Market Fund Returns	13.1%	14.2%	12.9%	12.9%	5.42%	6.91%	9.34%	9.82%
Benchmark Returns	13.7%	11.0%	12.6%	11.2%	1.52%	3.34%	3.97%	5.66%

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

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.