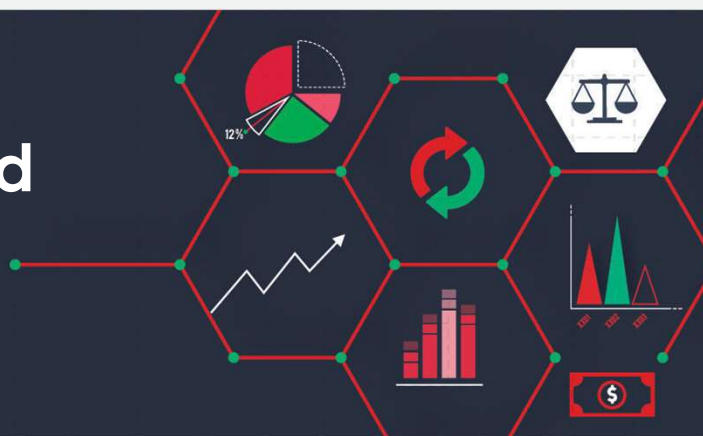


# United Capital Money Market Fund

## Mutual Funds Factsheet | July 2024

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### 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

The financial system opened the month of July 2024 with a deficit balance of N176.1bn. During the month (particularly before the CBN's 296th MPC meeting), the outflow of NNPC oil remittances from the banks into the coffers of the CBN drove the financial system further into deficit terrain, as it caused a spike in activities at the CBN's Standing Lending Facility (SLF) window. Notably, FAAC payments and CRR refunds looked to help the liquidity situation pre- CBN's 296th MPC meeting. Following the conclusion of the CBN's 296th MPC meeting, which saw another +50bps hike in MPR and an adjustment of the CBN's asymmetric corridor to +500/-100 basis points (previously, +100/-300 basis points), we saw significant improvement in the system's liquidity profile. Putting things in perspective, the new asymmetric corridor implies that commercial banks or any other eligible financial institution will be able to access the CBN's SLF window at MPR (26.75%) plus 500bps = 31.75%. On the other side, it suggests that commercial banks and any other eligible financial institution will now be able to deposit their excess liquidity with the CBN via the SDF at MPR (26.75%) minus 100bps = 25.75%. Consequently, we observed a significant reduction in the activities at the CBN's SLF, with increased activities at the SDF window underpinning a liquid financial system. Consequently, the monthly average Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 348bps m/m and 337bps m/m to print at 25.46% and 25.91% from 28.94% and 29.27%, respectively.

At the primary market, the Central Bank of Nigeria (CBN) conducted two (2) NT-bills auctions during the month. At the first auction, The Central Bank conducted a NT-bills auction, rolling over a total of N166.1bn worth of maturing

bills across the 91-day, 182-day and 364-day bills. At the auction, investors' demand was mildly strong, as total subscription printed at N308.7bn (implying an oversubscription rate of 1.9x), majorly skewed towards the longer-tenured instrument (364-day bill). Notably, CBN overallocated the auction, selling a total of N207.3bn bills. Thus, the stop rate on the 364-day bill rose by 56bps from 20.68% to settle at 21.24%. Meanwhile, the stop rates across the 91-day and 182-day bills remained unchanged at 16.30% and 17.44%, respectively. At the second auction, the Central Bank conducted an NT-Bill Primary Market Auction (PMA) with an offer size of N278.0bn across the 91-day, 182-day and 364-day bills. At the auction, investors' demand was mildly strong, as total subscription printed at N373.9bn, majorly skewed towards the 364-day instrument. This implies an oversubscription rate of 1.3x. In the aftermath, CBN opted to allot exactly the amount on offer. Given the mildly strong demand at the auction, the CBN decided to allow stop rates to inch higher at the auction, with stop rates across all the bills offered climbing by 220bps, 206bps, and 86bps, to settle at 18.5%, 19.5%, and 22.1%, respectively.

In the secondary market, we saw mixed sentiments in July, with the bearish sentiments outweighing. As a result, the average NT-bills yield climbed by 311bps m/m to close the month of June-2024 at 25.18% (previously 22.07%). Similarly, the average yield on OMO bills increased by 185bps m/m to settle at 25.30% from 23.45% in the prior month.

**Looking into August 2024, we expect the outcome of the MPC's 296th meeting to continue to encourage more activities at the CBN's SDF window, compared to the SLF window. This will look to underpin the financial system's liquidity profile. Also, we expect total maturities to the tune of N1.4trn (N362.3bn from coupon payments, N940.5bn from maturing NT Bills, and N116.5bn from maturing OMO bills), 64.8% higher than N878.9bn in July, to help bolster the liquidity of the system. Factoring in FAAC payments, we expect the month of August to be mostly liquid. The efficacy of the CBN's preferred mop up mechanism will determine the extent of liquidity in the financial system. We expect the CBN to continue to tactically manage its cost of capital. At the secondary market for NT bills, we expect more of bullish sentiments in the week ahead. Ultimately, short-term rates like FTD, money market rates, and funding rates between banks will likely remain around current levels (with propensity to taper slightly), subject to the liquidity profile of the banks.**

**FUND FEATURES**

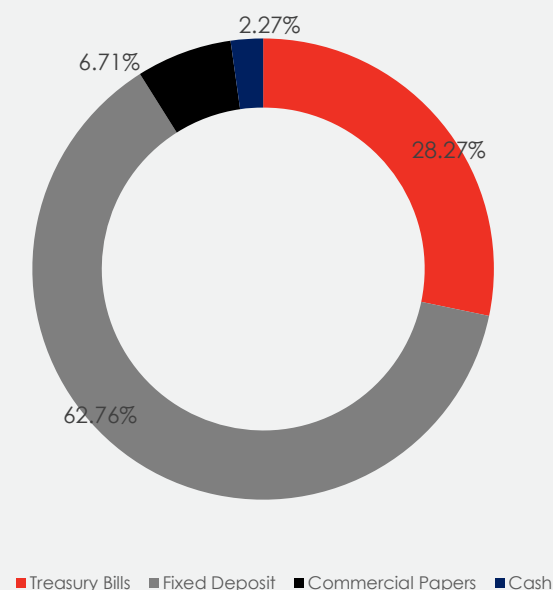
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	43.7Bn
NAV Per Share (₦)	1
Minimum Entry (₦)	10000
Additional Investment (₦)	5000
Structure	Open Ended
Minimum Holding Period	Nil
Benchmark	91-day T-Bills
Management Fee	1.0%
Total Expense Ratio*	1.3%
Risk Profile	Low
Income Distribution	Income Oriented

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

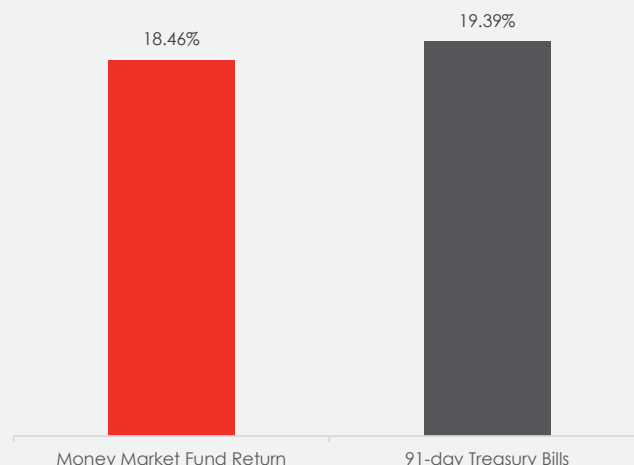
**MATURITY PROFILE OF ASSETS**

0-30days	61.1%
31-60days	16.7%
61-90days	4.2%
91-180days	5.6%
180-365 days	12.5%

**Current Portfolio Holdings**



**Money Market Fund Return vs Benchmark**



**RETURN HISTORY**

	2019	2020	2021	2022	2023	JULY 2024
Money Market Fund Return	12.9%	5.42%	6.91%	9.34%	11.48%	18.46%
Benchmark Returns	11.2%	1.52%	3.34%	3.97%	7.00%	19.39%

\*Represents the Fund's Annualized Return vs the Benchmark's Annualized Return

**PERFORMANCE REVIEW**

The United Capital Money Market Fund returned an annualized net return of 18.46% as at end of July 2024, dropping slightly from the previous month's 19.43%. Meanwhile benchmark return rose from 16.99% in the preceding month to 19.39% as at end of July 2024.

The monetary authority continue to maintain its hawkish stance as saw another +50bps hike in MPR and an adjustment of the CBN's asymmetric corridor to +500/-100 basis points (previously, +100/-300 basis points). At the primary market, the 364-Day NTB stop rate rose to 22.10%, while stop rates for the 90-Day and 180-Day bills closed at 18.50% and 19.50%, respectively. Central Bank offered N278.0bn across the 91-day, 182-day and 364-day bills. At the auction, investors' demand was strong, as total subscription printed at N373.9bn, majorly skewed towards the 364-day instrument.

Meanwhile, bearish sentiment dominated the secondary market as rates quickly climbed to significantly above previous month's. Average NTB yield in the secondary market rose to 25.18% from 22.07% in the previous month, as we witnessed more significant yield increase on shorter dated instruments.

We expect the elevated yield environment to persist into the coming months, although we anticipate moderation at the secondary market, especially on the shorter dated 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 current yield environment.

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.

### WHY CHOOSE THE FUND?

- Short-term capital preservation
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework

### INVESTMENT RISK

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

### HOW TO PARTICIPATE

1. Log in to our online platform [www.investnow.ng](http://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.



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