

United Capital Money Market Fund | Monthly Fact Sheet



April-21

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 April, financial system liquidity was highly constrained as the OBB and OVN rate at the interbank market closed the month at 27.50% and 27.75%. This was driven by sustain liquidity mop-up (via OMO) by the CBN, CRR debits, and SMIS FX sales debits amid FAAC inflows, FX sale refunds, NTB and OMO maturities which failed to bolster liquidity.

In the primary market, the CBN conducted three PMAs and five OMO auctions in the month of April. At its OMO auctions, the CBN continued to make the bulk of the OMO sales at the longer tenors, further signaling a policy tightening posture and a potential attempt to attract more FX flows. However, stop rates remained unchanged, closing at 7.0%, 8.5% and 10.1% throughout the auctions for the short, mid and long tenor OMO bills, respectively. For the NTB auctions, stop rates for the 91-day and 182-day bills closed flat at 2.00%, 3.50%. However, the 364-day paper saw gradual upticks, closing at 9.75% (prev. 8.0%) at the last auction in Apr-2021.

Consequently, market proceedings remained bearish. As such, the average NT-bills yield closed the month at 4.7%, up 61bps m/m from the average yield of 4.1% at the end of March. Notably, the long tenor bills saw the bulk of selloffs as yield on the 12-month bill surged by 141bps m/m to 8.1%, in line with the gradual increase in stop rates for long-dated bills at the PMA. Similarly, sentiments in the secondary OMO bills market were also bearish, with average yield surging 146bps m/m to close at 7.9% as at the end of March.

Looking ahead, we expect bearish sentiment in the money market to be sustained. Clearly, the demand for higher yields, evidenced in the bid range at primary auctions, will continue to guide rates higher. Also, we expect the CBN to continue its use of OMO mop-ups as a key liquidity control mechanism as it attempts to tame inflation.

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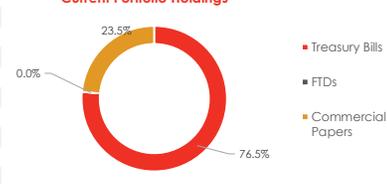
The United Capital Money Market Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	10.4bn
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*	1.1%
Risk Profile	Low
Income Distribution	Quarterly

Maturity Profile of Assets

0-30days	53.4%
31-60days	3.9%
61-90days	15.2%
91-180days	6.1%
180-365 days	21.5%

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

	2015	2016	2017	2018	2019	2020	Apr-21
Money Market Fund Returns	11.3%	13.1%	14.2%	12.9%	12.87%	5.42%	4.60%
Benchmark Returns	2.4%	13.7%	11.0%	12.6%	11.16%	1.52%	2.67%

PERFORMANCE REVIEW

The United Capital Money Market Fund yielded an average return of 4.60% for the month of April 2021, higher than the benchmark rate of 2.67%. The performance of the Fund was driven by higher interest rate reflected by increase 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 current low yield environment.

Money Market Fund Return vs Benchmark



Investment Risks

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

*Past performance is not a reliable indicator of future performance. 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.