



DataPro



FUND RATING REPORT

GREENWICH PLUS MONEY MARKET FUND

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September, 2024

GREEWICH PLUS MONEYMARTET FUND

DataPro Rating:

A⁺(f)

Previous Rating: A⁺(f)
Fund Type: Open ended Unit Trust Scheme
Fund Size: ₦2.8Billion (as at Dec 31, 2023)
Currency: Naira
Fund Outlook: Stable
Date Issued: 27 Sept., 2024
Valid Till: 26 Sept., 2025

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

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EXECUTIVE SUMMARY

	2023 ₦'000	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000
Investment Income	275,978	184,326	166,332	400,466	792,791
Net Income	207,464	137,574	97,500	292,819	718,394
Dividend	224,927	151,775	104,019	233,299	79,658
Investment Assets	956,041	620,568	578,101	2,313,195	2,357,058
Total Assets	2,965,679	2,063,599	2,186,753	6,523,144	5,393,531
Equity	2,841,601	1,896,092	2,116,393	6,477,493	5,362,668

Rating Explanation

The Long-Term Rating of A⁺(f) indicates **Low Risk**. It is assigned to Funds which have very good strength, operating performance and profile when compared to the standard established by **DataPro**. This Fund, in our opinion, has a strong ability to meet its on-going obligations.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk factor.

The qualitative information used were obtained from *the Fund* Manager during interview sessions with its representatives and examination of Trust Deeds and the Custody Agreement. The quantitative information used were obtained from *The Fund's Audited Financials*.

The risk factors were assessed by considering the credit risk, interest rate risk, liquidity risk, regulatory framework and operating performance of *The Fund* Manager.

Our review of the Investment strategy of The Fund reveals the following:

Positive Rating Factors:

- Very Good Credit Quality
- Good Liquidity

Negative Rating Factor:

- Minimal Protection Against Inflation

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THE FUND

Greenwich Plus Money Market Fund (“The Fund”) is an open-ended Unit Trust Scheme, authorized by the *Securities & Exchange Commission (SEC)* in 2016. It is managed by *Greenwich Asset Management Limited* (“The Fund Manager”).

The Fund was established under a Trust Deed dated May 25, 2016, executed by the Trustees in collaboration with the Fund Manager. A Supplemental Trust Deed was later approved by the *SEC* on January 12, 2021, with further amendments made in August 2023.

The primary objective of the Fund is to provide capital preservation and consistent income through investments in Money Market Securities and Instruments issued by the Federal Government of Nigeria as well as highly rated Financial and Non-Financial Institutions. The Fund utilizes pooled resources to leverage market opportunities, delivering competitive returns while maintaining a prudent level of risk.

The Fund is designed for Retail Investors, Social Clubs, Networking Associations, High Net Worth Individuals, and Institutions, enabling them to benefit from high-yielding Money Market Investments that offer both income generation and capital growth.

Investors can redeem their units throughout the Fund’s duration, subject to a mandatory holding period of 90 days, with a minimum investment of 100 units.

In addition to the Fund Manager, several key entities participating in the Fund's administration include: *STL Trustees Limited* (Trustees), *Stanbic IBTC Bank Plc* (Custodian), *GTL Registrars Limited* (Registrars) and *SIAO Partners* (Auditors).

INVESTMENT STRATEGY

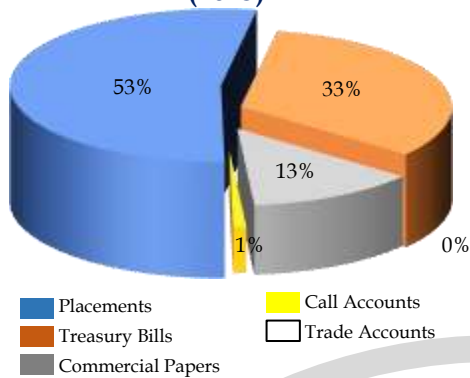
ASSET ALLOCATION

PROPOSED INSTRUMENTS	WEIGHT		
	Lower Limit	Upper Limit	Target Weight
Short Term Debt Securities Issued or Guaranteed by the Nigerian Government with a tenor of not more than 366 days	25%	90%	60%
Other Money Market Securities with a tenor of not more than 366 days	5%	75%	35%
Cash	0%	5%	5%

The Fund’s investment strategy remains focused on short-term Money Market Securities, such as: Treasury Bills, Commercial Papers, Bankers' Acceptances, Certificates of Deposit, and other similar instruments.

Source: Greenwich Asset Management Ltd

ACTUAL DISTRIBUTION OF FUND'S ASSET (2023)



Source: Greenwich Asset Management Ltd

In the year 2023, the Fund's Total Assets increased to ₦2.97b, compared to ₦2.06b (Yr.22). This significant growth was largely driven by a strategic allocation in highly Liquid Investments. Over 30% of the Fund Assets were allocated to FGN Securities, 53% in Fixed Deposits and less than 1% in cash. These allocations aligned with the Fund's investment objectives.

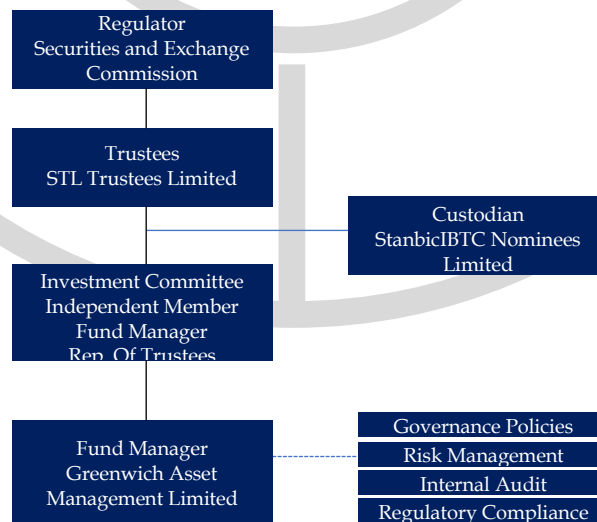
There was increase in redemption from ₦1.5b (Yr.22) to ₦2.5b (Yr.23). The Fund recorded significant growth in new subscription by over 59% to ₦3.2b (Yr.23) contributing to the improvement in Asset Value.

FUND GOVERNANCE STRUCTURE

The Fund Governance Structure provides for necessary supervision, monitoring and checks at three (3) levels. The activities of the Fund Manager are subject to the advisory and monitoring of the Investment Committee. The Investment Committee in turn reports to the Trustees. The Trustees also are subject to periodic inspection by the Regulator.

We also observed the presence of an independent member in the membership composition of the Investment Committee. The Fund's Governance Structure is as presented:

FUND GOVERNANCE STRUCTURE



Source: Greenwich Asset Management Ltd

THE FUND MANAGER TRACK RECORD

The Fund Manager is a wholly owned subsidiary of *Greenwich Merchant Bank Limited (formerly Greenwich Trust Limited)*.

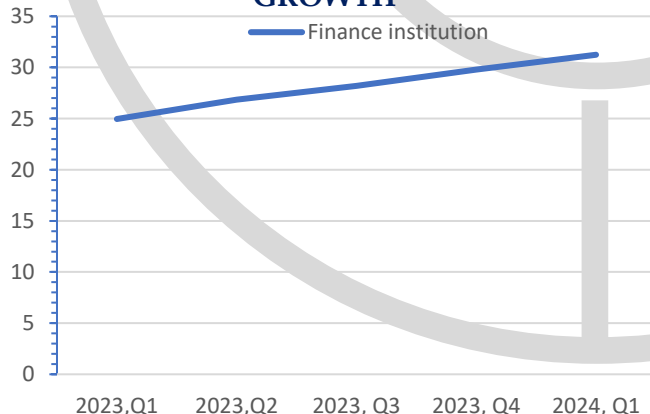
In addition to *Greenwich Plus Money Market Fund*, the Fund Manager also manages two other Funds known as *Nigerian Entertainment Fund (NEF)* and *Greenwich Alpha ETF Fund*.

SECTOR REVIEW

Nigeria’s Gross Domestic Product (GDP) grew by 3.19% (year-on-year) in real terms in the second quarter of 2024. This growth rate is higher than the 2.51% recorded in the second quarter of 2023 and higher than the first quarter of 2024 growth of 2.98%. The performance of the GDP in the second quarter of 2024 was driven mainly by the Services sector, which recorded a growth of 3.79% and contributed 58.76% to the aggregate GDP.

According to the data released by the NBS, the Finance and Insurance Sectors’ Growth in this sector in real terms totaled 28.79%, higher by 1.95% points from the rate recorded in the 2023 second quarter and lower by 2.44% points from the rate recorded in the preceding quarter. Quarter-on-quarter growth in real terms stood at -3.55%. The contribution of Finance and Insurance to real GDP totaled 6.57%, higher than the contribution of 5.26% recorded in the second quarter of 2023 by 1.31% points, and lower than 6.81% recorded in Q1 2024 by 0.24% points.

REAL FINANCIAL SECTOR YEAR-ON-YEAR GROWTH



Source: Nigeria Bureau of statistic

The Oil benchmark for the year 2024 budget is \$77.96 per barrel at 1.78 million barrel per day. This compared well with the current selling price of Oil which is above the benchmark (\$71.45 as at 26th of September, 2024 according to oil price.com). Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country.

Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country. In June 2023, the Central Bank of Nigeria floated the naira after unifying all segments of the forex market, which resulted in significant devaluation of the local currency. The Naira depreciated against

the Dollar at the official market to close N1,666.71/\$1 as at September 25th, 2024, while the parallel market value was an average of N1,705/\$1.

The Monetary Policy Committee (MPC) of the CBN at its 297th meeting on 24th September, 2024, raised the Monetary Policy Rate (MPR) by 50bps from 26.75% to 27.25% amid soaring inflation and skyrocketing food prices. The increase in MPR was done to manage inflation which has been on a steady rise. Headline Inflation as at August 2024 was 32.15%. The rise in MPR could have the effect of limiting borrowing from Financial Institutions due to the high costs and lead borrowers to find alternative sources of finance.

INVESTMENT COMMITTEE

The Investment Committee is responsible for the oversight of the investment portfolios. The following are the current serving members of the Committee:

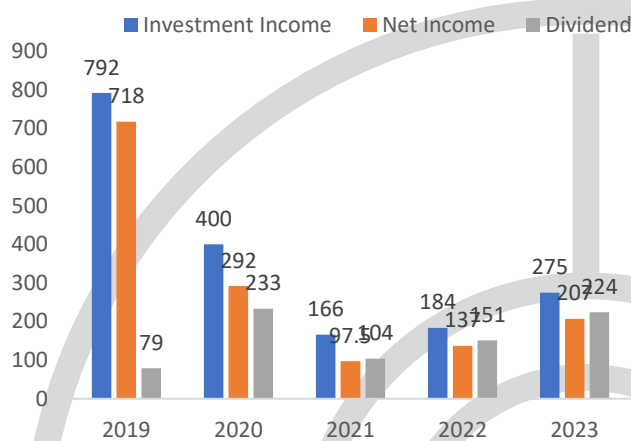
- 1. Name:** Oluwatoyin Olusanya-Onadele
Position: Independent Member
Education:
 - B. Sc - University of Lagos
 - MBA - Carddiff Business School, University of Wales**Experience (Years)** 19 years
Year of Appointment: 2016
- 2. Name:** Adaeze Ejionye
Position: Member
Education:
 - B.Sc.- Abia State University
 - MBA - Obafemi Awolowo University
 - FIMC: (Fellow, Institute of Management Consultant)**Experience (Years)** 20 years
- 3. Name:** Edith Oguamanam
Position: Member
Education:
 - B.ED (History) - University of Jos
 - MILD - University of Lagos**Experience (Years)** 18 years
- 4. Name:** Ranti Oredipe
Position: Member
Education:
 - B. Sc - University of Lagos
 - M.Sc- University of Lagos**Experience (Years)** 7 years
- 5. Name:** Oluwadolapo Sobanjo
Position: Member
Education:
 - B.Sc. - Economics - University of Ibadan

- ACCA (In View)
- Experience (Years)** 2 years

FINANCIAL PERFORMANCE

• EARNINGS PROFILE

The financial analysis is based on the Audited Financial Statements of the Fund for the five-year period ended 31st December 2023.



Source: Greenwich Asset Management Ltd

The Fund consistently grew its Earnings over the last three-year period. Treasury Bills, Fixed Placement and Commercial Papers were the sources of Income in the year 2023. Gross Earnings grew by 50% from ₦184m (Yr.22) to ₦276m (Yr.23). This growth was propelled by an escalation in market rates.

Earnings from Fixed Placement contributed 64% of the Fund's Total Income while 16% was generated from Commercial Paper. The remaining portion was derived from FGN Securities. All these sources of Earnings contributed to the growth in Total Income except the FGN Securities.

Operating Expenses increased by 47% to ₦68m (Yr.23). Operating Income Margin remained at 75% for 2022 and 2023. However, Distribution to investors during the period grew considerably, totalling ₦225m (Yr.23) compared with ₦151m (Yr.22) in the prior period.

• FUNDING PROFILE

COMPOSITION OF TOTAL

	2023 ₦'000	%	2022 ₦'000	%
Cash & Cash Equivalent	1,906,775	64	1,374,720	66
Trade & Other Receivables	102,863	4	68,311	9
Financial Assets	956,041	32	620,568	30
Total	2,965,679	100	2,063,599	100

Source: Greenwich Asset Management Ltd

The Fund recorded a significant increase in Total Asset, surging by 43% from ₦2.06b (Yr.22) to ₦2.9b (Yr.23). The Fund's Asset comprised of short-term investments in Fixed Deposits, Treasury Bills and other Cash Equivalents. Financial Assets consisted solely of Treasury Bills. This grew by 54% from ₦620m (Yr.22) to ₦956m (Yr.23). The

significant increase in cash and cash equivalents contributed to growth in the Fund's Asset size.

Similarly, the Fund size grew by 50% from ₦1.8b (Yr.22) to ₦2.9b (Yr.23). This was supported by notable growth in subscription by over 59% to ₦3.2b (Yr.23). However, Redemption was also higher than ₦1.5b (Yr.22) increasing to ₦2.5b (Yr.23).

RISK FACTORS

In the course of our review, we observed the following significant risks:

- **CREDIT RISK**

This is the risk arising from the inability of a counterparty to honour its obligation as at when due.

It was observed that 30% of the Fund's Assets are concentrated in Nigerian Treasury Bills while 70% are concentrated in other classes of investment and are held by Banks and other Financial Institutions in Nigeria.

Therefore, the overall quality of the Fund is influenced by the credit quality of the investments that comprises 70% of the Fund's Asset.

- **INTEREST RATE RISK**

This is the risk of loss to income arising from adverse movement in Interest Rate.

The Fund's assets are invested mostly in instruments that are rate sensitive. Therefore, adverse movements in Interest Rate will affect the ability of the Fund to earn income.

- **CURRENCY RISK**

The Fund's Assets, Liabilities and all transactions are denominated in Naira as its functional and presentation currency. Therefore, the Fund is not exposed to currency risk.

- **REDEMPTION RISK**

The earnings of the Fund could be threatened in the event of mass request for redemption by subscribers. However, the Fund has redemption condition of Minimum Holding of 100units and a Mandatory Holding Period of 90 days.

REGULATORY FRAMEWORK

The Fund administration and operation is subject to the *Investments and Securities Act* of 2007. All parties to the Fund are regulated by the *Securities & Exchange Commission (SEC)*.

The Fund is constituted by a Trust Deed that provides for the rights and obligations of all parties. The Trust Deed is between The Fund Manager (*Greenwich Asset Management Limited*) and the Trustees (*STL Trustees Limited*).

There is also Custodian Agreement between The Fund Manager and *StanbicIBTC Nominees Limited*, the custodian of The Fund.

CONCLUSION

We have reviewed the Investment policy of the Fund. The Rating is constrained by the credit quality of Non-Government related securities in the Fund.


However, attention was paid to the experience of individual members of the Investment Committee as well as the Fund Investment Instruments.

Consequently, we consider the Fund an *"Investment Grade"*

FINANCES

Financial Position as at

	Dec, 2023		Dec, 2022		Dec, 2021
	₹	Δ%	₹	Δ%	₹
Cash and Cash equivalents	1,906,775,029	38.70	1,374,720,218	(2.92)	1,416,044,777
Trade and Other Receivables	102,863,080	50.58	68,310,815	(64.53)	192,607,688
Financial Assets at FVTPL	956,041,245	54.06	620,567,803	7.35	578,100,932
Total Asset	2,965,679,354	43.71	2,063,598,836	(5.63)	2,186,753,397
Fund and Liabilities					
Fund	1,739,672,786	116.08	805,105,086	(17.46)	975,441,786
Retained Earnings	1,073,524,364	(1.60)	1,090,986,530	(4.38)	1,140,951,150
Fair Value Reserve	28,404,219		-		-
Total Fund	2,841,601,369	49.87	1,896,091,616	(10.41)	2,116,392,936
Liabilities					
Trade and Other Payables	124,077,985	(25.93)	167,507,220	147.27	67,743,218
Taxation				(100.00)	2,617,243
Total Liabilities	124,077,985	138.07	167,507,220	54.13	70,360,461
Total Fund and Liabilities	2,965,679,354	(5.63)	2,063,598,836	(66.48)	2,186,753,397
Statement of Profit or Loss and Other Comprehensive Income					
Profit before taxation	275,978,212	49.72	184,325,823	10.82	166,332,163
Operating Income	207,464,773	50.80	137,574,983	41.10	97,500,142
Profit and Tax	207,464,773	(66.70)	137,574,983	(66.70)	97,500,142
Dividend and interest Paid	(224,926,939)	48.20	(151,775,388)	45.91	(104,019,077)
(loss)/Profit Attributable to	10,942,053	(177.05)	(14,200,405)	117.83	(6,518,935)

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 27th September, 2024

For and on behalf of:
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our *short-term* ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA(f) through DD(f). Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long-term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA(f)	Lowest Risk.	<i>(Superior)</i> Assigned to funds which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion, have an Excellent ability to meet their ongoing obligations.
AA(f)	Lower Risk	<i>(Excellent)</i> Assigned to funds which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion, have a very strong ability to meet their ongoing obligations.
A(f)	Low Risk	<i>(Very Good)</i> Assigned to funds which have very good financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion, have a strong ability to meet their ongoing obligation.
BBB(f)	Slight Risk	<i>(Fair)</i> Assigned to funds which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion, have an ability to meet their current obligations, but their

financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator Meaning Explanation

BB(f)	Moderate Risk	<i>(Marginal)</i> Assigned to funds which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B(f)	High Risk	<i>(Weak)</i> Assigned to funds which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These funds, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC(f)	Higher Risk	<i>(Poor)</i> Assigned to funds, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These funds, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD(f)	Highest Risk	<i>(Very Poor)</i> Assigned to funds, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.