

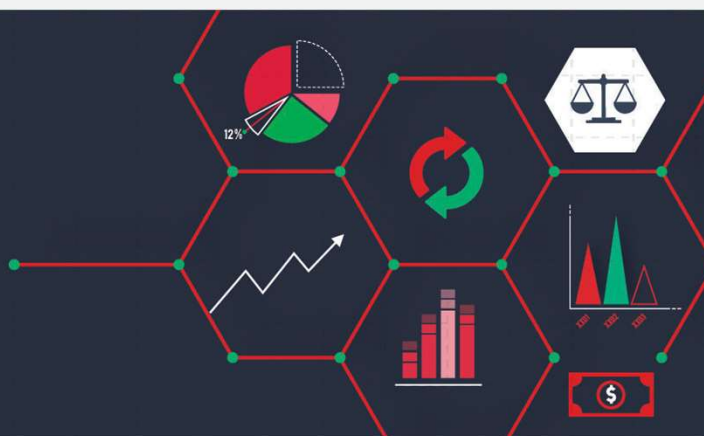
# United Capital Fixed Income Fund

Mutual Funds Factsheet | April 2024

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## FUND OBJECTIVE

The main objective of the Fund is to achieve consistent income streams through investment in select portfolio of securities and investments specified in the Trust Deed. The Fund's assets are invested in Federal Government bonds, Sub-national bonds, corporate bonds and high-quality money market securities. The Fund is not affected by the fluctuations in the equity markets. However, opportunities for capital appreciation are dependent on changes in interest rate.

## MARKET REVIEW, OUTLOOK AND STRATEGY

The Debt Management Office (DMO) conducted the Apr-2024 FGN bond auction, with an offer size of N450.0bn across the newly open 2029s (5-YR paper), and the reopened 2031s (7-YR paper) and 2034s (10-YR paper). At the auction, investors' demand was significantly strong, with total subscription printing at N920.1bn, implying an oversubscription of 2.0x.

Notably, the DMO oversold the auction by 1.4x, allotting a total of N626.8bn worth of papers. Irrespective of the CBN overselling the auction, the marginal rates on the reopened 2031 and 2034 paper fell by 25bps and 45bps from 20.00% and 20.45% to settle at 19.75% and 20.00%, respectively. Meanwhile, the marginal rate on the newly opened 2029 paper printed at 19.30%.

In the secondary market, we observed buy interest as investors strong demand at primary market levels trickled in. Thus, average yields on sovereign bonds declined to print at 18.94% in Apr-2024, indicating a 47bps m/m decrease from the 19.41% print in Mar-2024. In tandem, we observed buy-interest in corporate bonds as average yields at the end of Apr-2024 declined by 49bps m/m to close at 20.90% (previously 21.39%). Similarly, the FGN Sukuk bonds closed bullish as average yields on Sukuk bonds declined by 16bps m/m to close at 19.45% compared to the previous month's close of 19.61%.

**Looking ahead into May-2024, we expect bond yields to trend northwards as bearish investors' sentiments resurface. This is underpinned by concerns about the nation's fiscal health and the efficacy of its monetary policy. Also, the hawkish stance of the MPC will keep rates elevated in the fixed-income market.**

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.

**FUND FEATURES**

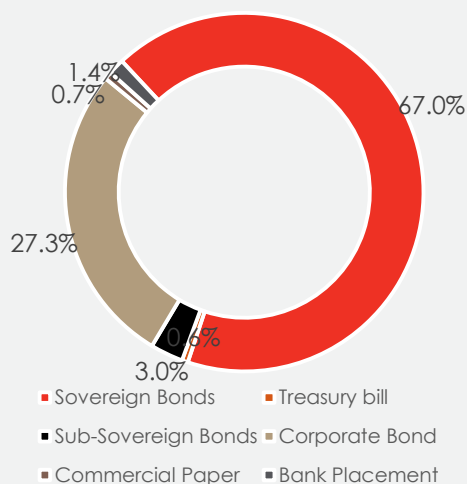
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	86.7bn
NAV Per Share (₦)	1.9855
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN Bond Yield
Risk Profile	Medium
Investment Style	Income Oriented

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

**MATURITY PROFILE OF ASSETS**

<1yr	6.41%
1-3yr	32.29%
3-5yr	28.91%
5-10yr	13.04%
>10yr	19.35%

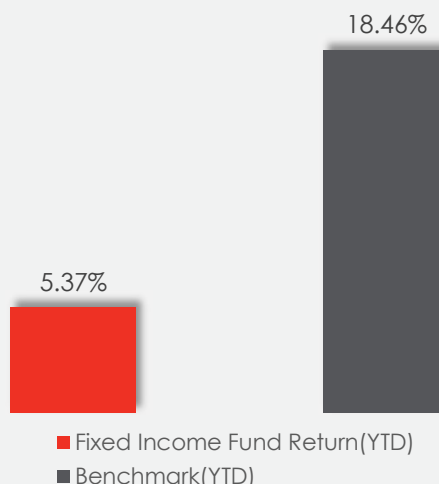
**Current Portfolio Holdings**



**Governance Asset Allocation Ranges:**

Money Market (10%-30%); Fixed Income: 70%-90%

**Fixed Income Fund Return Vs Benchmark (Annualized)**



**RETURN HISTORY**

	2020	2021	2022	2023	2024 YTD
United Capital Fixed Income Fund	9.35%	6.40%	6.33%	6.88%	5.37%
Benchmark	3.54%	9.45%	12.83%	13.30%	18.46%

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

**PERFORMANCE REVIEW**

The United Capital Fixed Income Fund annualized return for the month of April 2024 is 4.11% while the annualized YTD return is 5.37% relative to a 18.46% posted by the benchmark for the same period.

The return can be attributed mainly to accrued coupons on bond holdings as well as accrued interest on money market securities held in the fund for this period.

The month of April witnessed a passthrough effect of policies made by the monetary authority in the first quarter of the year. This continue to affect yields across the different ends of the curve as well as the activities of the DMO at bond auctions. Consequently, we still see elevated yield levels across the different maturities in the bonds market.

In line with our expectations for the bond market space, we would engage in active trading for liquid FGN bonds to boost fund performance.

The portfolio remains invested in FGN Bonds, money market instruments and sub-sovereign bonds with descent yields. We will maintain current allocation to enhance yield income for the Fund.

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### WHY CHOOSE THE FUND?

- Not exposed to equities market volatility
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework
- Long term capital preservation and growth

### INVESTMENT RISK

- Market risk
- 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 Bond Fund
3. Click on "Open and account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments



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