

United Capital Fixed Income Fund

Mutual Funds Factsheet | April 2025

Contact Us:

Philip Ndunaka | +234-703-192-1664 | philip.ndunaka@unitedcapital.com

Asset Management | +234-1-631-7876 | asset.management@unitedcapital.com



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-2025 bond auction with an offer size of N350.0bn across the reopened 2029 "5-YR" and 2033 "9-YR" bond papers. At the auction, investors' demand was mildly strong, as total subscriptions printed at N495.95bn, indicating an oversubscription of 1.42x. The bulk of the bids were skewed towards the longer instrument, "2033", which received total bids of N452.16bn. Notably, the DMO mildly over-allotted the auction, selling just N397.90bn worth of bond papers. That said, the marginal rate on the 2029s and 2033s remained unchanged at 19.00% and 19.99%, respectively.

In the secondary market, we observed bearish sentiments in the market as investors reassessed market conditions and the direction of fixed-income market rates. Thus, average yields on sovereign bonds closed higher to print at 19.05% in Apr-2025, 34bps m/m up from the 18.71% print in Mar-2025.

Similarly, we observed sell-offs in corporate bonds, as average yields in Apr-2025 increased by 63bps m/m to close at 21.91% (previously 21.28% in Mar-2025). Likewise, the FGN Sukuk bonds closed bearish as average yields on Sukuk bonds climbed by 56bps m/m to close at 19.59% in Apr-2025 compared to the previous month's close of 19.03%.

The CBN conducted two NT-bills auctions during the month. At the first auction, the CBN offered a total of N800.00bn across the 91-day, 182-day, and 364-day bills with the stop rate on the 91-day and 182-day bills climbed by 50bps and 100bps from 18.00% and 18.50% to settle at 18.50% and 19.50%, respectively. Meanwhile, the stop rates on the 364-day bill remained unchanged at 19.63%.

The stop rates at the second auction for the 91-day, 182-day, and 364-day bills however fell by 50bps, 100bps, and 3bps from 18.50%, 19.50%, and 19.63% to settle at 18.00%, 18.50%, and 19.60%, respectively with the bids majorly skewed towards the longer-tenured instrument at both auctions.

Looking ahead to May 2025, we expect the cautious trading activities amongst investors in the bond market to persist as uncertainties towards rate direction linger, particularly keeping in view the neutral/dovish outlook of monetary policy in H1-2025. The major catalyst for interest rate direction in Q2-2025 is the outcome of the MPC's meeting, which will set the tone for a possible decline or upward trend of the yield curve. In the primary market, we foresee healthy participation in the FGN Bond auction as the Federal Government (FG) relies heavily on domestic borrowings to finance its recurrent expenditure. The government's reliance on the domestic debt market is due to the underwhelming revenue generation performance compared to the budget.

FUND FEATURES

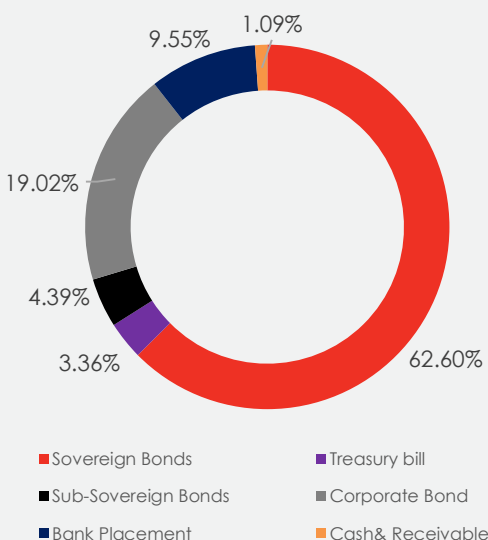
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	88.4bn
NAV Per Share (₦)	2.0142
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr 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	26.34%
1-3yr	34.75%
3-5yr	11.18%
5-10yr	24.04%
>10yr	3.68%

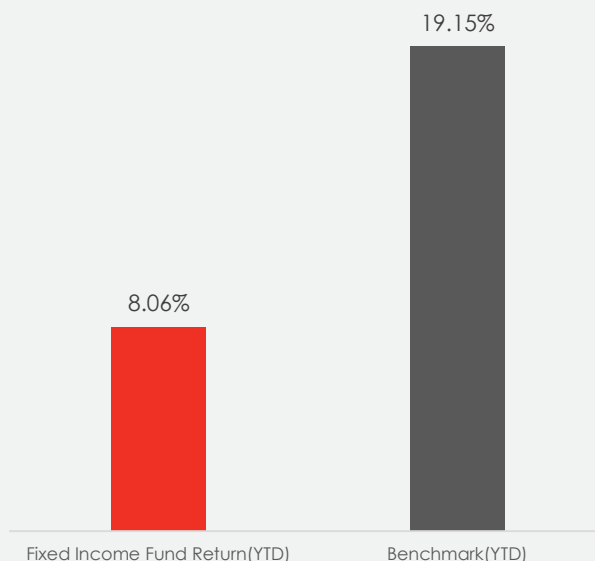
Current Portfolio Holdings



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	2025 YTD
UC Fixed Income Fund	9.35%	6.40%	6.33%	6.88%	6.50%	8.06%
Benchmark	3.54%	9.45%	12.83%	13.30%	20.11%	19.15%

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

PERFORMANCE REVIEW

The United Capital Fixed Income Fund annualized YTD return as at April 2025 is 8.06% relative to a 19.15% posted by the benchmark for the same period.

The return was mainly driven by bond maturities during the month which were reinvested to give optimal returns as well as accrued interest on money market instruments held in the fund during the period. There were also several coupons which came in during the month reinvested in other money market instruments that help better manage the fund's return.

Looking ahead to May 2025 we expect to see a continuous and cautious trend in the bonds market as the market is still skewed towards the shorter end of the yield curve despite recent drops in the rates of money market instruments like treasury bills and fixed placement. We also expect payments from coupons and interests from Fixed deposit to help reposition the fund for better performance.

The portfolio remains invested in FGN Bonds, money market instruments and sub-sovereign bonds with decent yield. The fund is constantly monitoring the market to ensure optimal returns across all asset class while maintaining its current allocation to enhance the overall yield of the Fund.

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
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