

# United Capital Stable Income Fund

Mutual Funds Factsheet | April 2025

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## FUND OBJECTIVE

The Stable Income Fund is an actively managed open-ended specialized fund whose main objective is to provide investors with stable returns over a medium to long-term period, through investment in select naira denominated highly rated fixed income instruments with relatively high return. The fund is targeted at investors looking to gain exposure to naira denominated fixed income instruments yielding relatively high return, with risk profile moderately higher than money market investment. The fund is ideal for investors with moderate risk tolerance and investment horizon. The Fund will also help investors diversify their portfolio and income streams whilst providing long-term capital appreciation, through investment in a selected portfolio of fixed income securities and investment products.

## MARKET REVIEW, OUTLOOK AND STRATEGY

The financial system opened in April 2025 with a surplus balance of N1.50tn. During the month, the financial system was mainly awash with liquidity. This was due to significant inflows of N431.23bn from coupon payments, N1.45tn from OMO maturities, and c. N500.00bn from FAAC inflows. Although there were primary market and mop-up activities (via the OMO auction), it only marginally dragged system liquidity lower. Thus, the financial system closed the month with a surplus balance of N1.05tn.

At the primary market, 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. Investors' demand was strong, as total subscriptions printed at N1.13tn, indicating an oversubscription rate of 1.41x. The bids were majorly skewed towards the longer-tenured instrument with the CBN underselling and allotting a total of N424.58bn. 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%.

At the second auction, the CBN offered N400.00bn across the 91-day, 182-day, and 364-day bills. Total subscriptions printed at N1.54tn, indicating an oversubscription rate of 3.85x. The bids were majorly skewed towards the longer-tenured instrument, with the Apex Bank overselling at the auction, allotting a total of N714.38bn. The stop rate on the 91-day, 182-day, and 364-day bills 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.

The Central Bank also conducted an OMO auction with an offer size of N500.00bn across the 298-day and 319-day bills. Investors' demand was strong at the auction, as total subscriptions printed at N1.39tn, indicating an oversubscription rate of 2.78x. At the end of the auction, the Apex Bank over-allotted the auction, selling a total of 1.01tn worth of bills. As a result, the stop rates on the 298-day and 319-day bills settled at 22.37% and 22.73%, respectively.

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. 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).

**Looking ahead to May 2025, we anticipate a much lower level of liquidity in the financial system. We anticipate total inflows of N1.96 trillion, comprising coupon payments of N166.62bn, NT-bills maturities of N805.87bn, and OMO maturities of N988.36bn. As a result, we expect interbank funding rates to remain elevated for most of the month. Despite the lower level of expected liquidity, we do not rule out the likelihood of the CBN resorting to OMO auctions and primary market activities to mop up any excess liquidity in the financial system.**

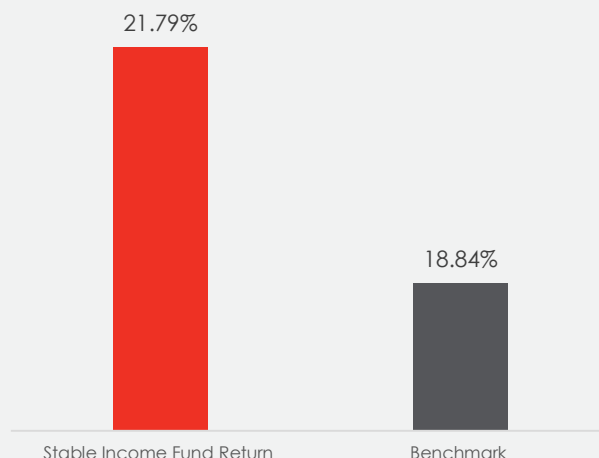
**In the bond market, we expect the cautious trading activities amongst investors in the bond market to persist as uncertainties towards rate direction lingers, particularly with the neutral/dovish outlook of monetary policy in H1-2025. The major catalyst for interest rate direction in Q2-2025 is the 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**

## FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2024
Fund Size (₦)	26.3bn
NAV Per Share (₦)	115.9767
Minimum Entry (₦)	50,000,000
Additional Investment (₦)	10,000,000
Structure	Open Ended
Minimum Holding Period	30 days
Benchmark	91-Weighted Average T-Bills rate
Management Fee	2.0%
Total Expense Ratio*	2.23%
Risk Profile	Low
Income Distribution	Income Oriented

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

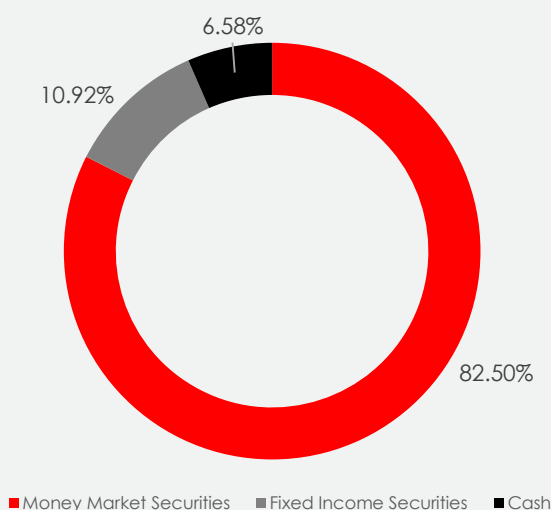
## Stable Income Fund Return Vs Benchmark (Annualized)



## MATURITY PROFILE OF ASSETS

< 1 yr.	89.08%
1 – 3yr	2.16%
3-5yr	3.20%
5 – 10yr	5.56%
>10yr	0.00%

## Current Portfolio Holdings



## Governance Asset Allocation Ranges:

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

## RETURN HISTORY

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	2025 YTD
UCAP Stable Income Fund	22.88%	21.87%	22.09%	21.63%	21.93%	21.79%
Benchmark	19.06%	17.75%	17.75%	18.84%	18.84%	18.84%

## PERFORMANCE REVIEW

The United Capital Stable Income Fund returned a year-to-date return of 21.79%, outperforming the benchmark by 2.95% as at the end of April.

There were 2 primary market auctions during the month, and the fund was able to take advantage of the pricing and potential yield to position and rebalance its assets which helped better position the net position of the fund. The fund was also able to take advantage of high FD rates in the earlier part of the month helping to preserve the performance of the fund.

The bond position of the fund was mainly quiet during the month as initial purchases had been made in recent months which helped keep the fund in line with all asset allocation. Coupons from several bonds held by the fund were also reinvested in the money market as the returns are still quite better than the fixed income market.

In May 2025 we expect improved inflows as the returns from the fund is expected to encourage further inflows which should better improve the funds AUM. The treasury bill and Fixed deposit market are expected to play at current levels with the fund maintaining its strategy of locking in at prime rates to help optimize the overall return of the fund.

The Fund will continue to invest in high quality fixed income 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.

### WHY CHOOSE THE FUND?

- Stable returns over a medium to long-term period
- Capital preservation
- Low risk investment
- Portfolio diversification
- Open entry and exit
- Professional management

### 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 "Stable Income 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.

