

United Capital Fixed Income Fund

Mutual Funds Factsheet | August 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 Aug-2024 bond auction with an offer size of N190.0bn across the reopened 2029, 2031, and 2033 bond papers. At the auction, investors' demand was strong, as total subscriptions printed at N460.2bn. The bulk of the bids were skewed towards the longer instrument, "2031", which received total bids of N314.2bn. Notably, the DMO over-allotted the auction, selling N374.8bn worth of bond paper. As a result, the marginal rates on the 2031s and 2033s declined by 10bps and 38bps, settling at 20.90% and 21.50%, respectively. Meanwhile, the marginal rate on the 2029s climbed by 41bps to settle at 20.30%.

In the secondary market, we observed that bullish sentiments dominated the market as investors looked to take advantage of the present high yields. Thus, average yields on sovereign bonds closed lower to print at 18.96% in Aug-2024, 80bps m/m down from the 19.76% print in Jul-2024.

In tandem, we observed buy-interests in corporate bonds, as average yields at the end of Aug-2024 fell by 59bps m/m to close at 21.85% (previously 22.44%). Similarly, the FGN Sukuk bonds closed bullish as average yields on Sukuk bonds declined by 116bps m/m to close at 19.21% compared to the previous month's close of 20.37%.

Looking ahead to September 2024, we expect the current bullish trend in the secondary bonds market to persist. This is due to the general market disposition that rates in the fixed-income market have peaked. Also, the anticipated neutral stance of the MPC will see rates trend lower in the fixed-income market. 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.

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

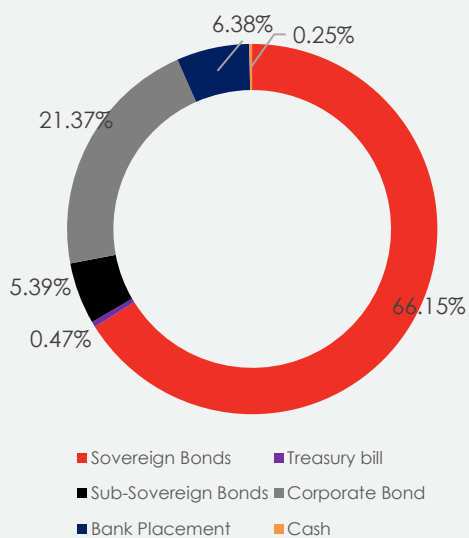
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	86.2bn
NAV Per Share (₦)	1.9139
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr 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	8.27%
1-3yr	32.53%
3-5yr	30.09%
5-10yr	18.37%
>10yr	10.73%

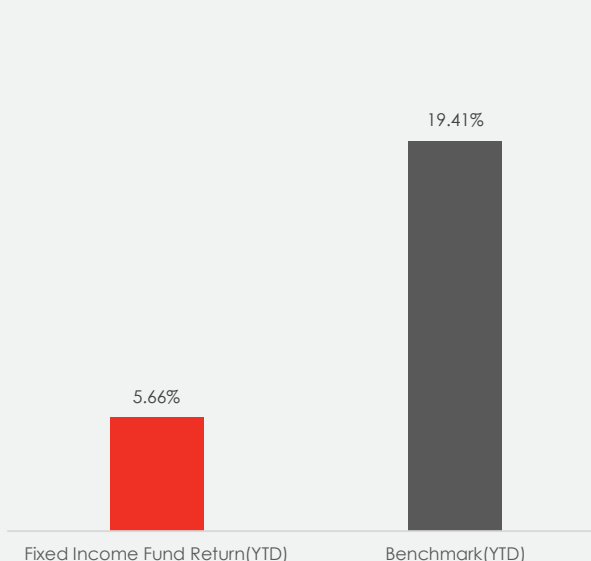
Current Portfolio Holdings



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
UC Fixed Income Fund	9.35%	6.40%	6.33%	6.88%	5.66%
Benchmark	3.54%	9.45%	12.83%	13.30%	19.41%

*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 August 2024 is 7.71% while the annualized YTD return is 5.66% relative to a 19.41% 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 instruments held in the fund during the period.

In August, bullish sentiment persisted during the month as average yields decreased to 18.96% from 19.76% recorded in the prior month. This is on the back of improved system liquidity from FAAC inflow, NTB and OMO maturity and bond coupon received during the month.

We expect continued bullish sentiment to persist going into September owing to improved system liquidity compared to August. We also opine that yields have peaked, and investors will look to lock-in the high yields. As such, we will continue to see buy interest during September. The September MPC decision is also expected to shape market 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
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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