

United Capital Fixed Income Fund

Mutual Funds Factsheet | August 2025

Contact Us:

Philip Ndunaka | +234-703-192-1644 | philip.ndunaka@united-capitalgroup.com

Asset Management | +234-1-631-7876 | multipfund@united-capitalgroup.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 August 2025 bond auction with a total offer size of N200.00bn, split between the newly issued 2030 ("5-year") and the reopened 2032 ("7-year") bond papers. Investor demand was strong, with total subscriptions reaching N268.16bn, representing a subscription rate of 1.34x. Notably, the DMO under-allotted, selling a total of N136.16bn worth of bills. The marginal rate on the 2032 bond paper climbed by 2.10%, from 15.90% to settle at 18.00%. Meanwhile, the marginal rate on the 2030 bond paper settled at 17.945%.

In the secondary bond market, we observed bullish sentiments amongst investors in anticipation of a potential Monetary Policy Rate (MPR) cut decision by the Monetary Policy Committee (MPC). Thus, the monthly average yields on the 2030, 2032, and 2035 bonds closed lower by 0.13%, 0.09% and 0.84% in August to settle at 17.07%, 16.92% and 15.84%, respectively.

Conversely, we observed sell-offs in corporate bonds, as average yields in Aug-2025 climbed by 0.39% m/m to close at 19.98% (previously, 19.59% in Jul-2025). Likewise, the FGN Sukuk bonds market closed bearish as average yields on Sukuk bonds increased by 0.31% m/m to close at 17.81% in Aug-2025 compared to the previous month's close of 17.50%.

At the money market, the CBN conducted two (2) auctions with a marginal reduction across both auctions. There was a total offer of N220bn offered at the first auction and N230bn at the second auction cutting across the 91-day, 182-day and 364-day bill.

The bids were majorly skewed towards the longer-tenured instrument, "365-day bill", at both auctions. The stop rate on the 365-day bills climbed up by 0.62%, to settle at 16.5% while the stop rates of the 91-day and 182-day bill remained unchanged at 15.00% and 15.50% respectively at the first auction. At the second auction, we saw a similar hike in the stop rate of the 91-day and 364-day bill moving up by 0.35% and 0.94% to close at 15.35% and 17.44% with the 180-day bill remaining unchanged at 15.50%.

Looking ahead to September, we expect the fixed income market to sustain its bullish momentum. This outlook hinges expectations of interest rate cut by both the FOMC of the US Fed and MPC of CBN. The MPC is scheduled to hold its 302nd meeting on the 22nd - 23rd of September 2025. We expect the MPC to cut the Monetary Policy Rate (MPR) by between 0.25% and 0.50%, given the recent drop in the inflation rate and expected drop in the next subsequent months.

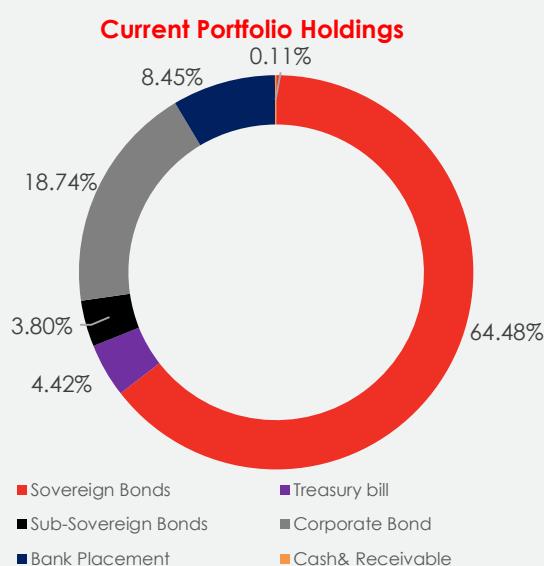
FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Investment Manager Rating	A+(IM)
Base Currency/Start Year	Naira/2006
Fund Size (₦)	85.8bn
NAV Per Share (₦)	1.9267
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

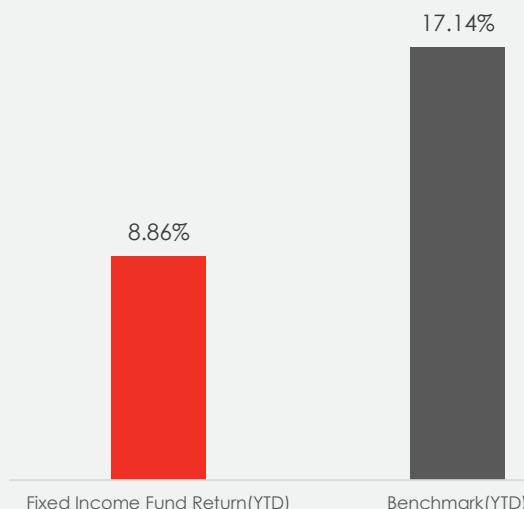
* Inclusive of management fee; Returns are net of all fees

MATURITY PROFILE OF ASSETS

<1yr	25.51%
1-3yr	34.34%
3-5yr	17.28%
5-10yr	19.07%
>10yr	3.80%

**Governance Asset Allocation Ranges:**

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

Fixed Income Fund Return vs Benchmark (Annualized)

Fixed Income Fund Return(YTD)

Benchmark(YTD)

RETURN HISTORY

	2020	2021	2022	2023	2024	2025 YTD
UC Fixed Income Fund	9.35%	6.40%	6.33%	6.88%	6.50%	8.86%
Benchmark	3.54%	9.45%	12.83%	13.30%	20.11%	17.14%

*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 August 2025 is 8.86% relative to 17.14% posted by the benchmark for the same period.

The fixed income market remained bullish throughout the month. There was improved activity in the market as reduced bond supply by the DMO and a potential / expected rate cut by the MPC spurred the rush to accumulate several bond maturities.

The fund was able to reposition using proceeds from Coupons, fixed income & money market maturities to get high yielding assets which helped cushion the effect of MTM drop seen during the month.

Looking ahead to September 2025, we expect calm sentiments to persist as investors are expected to reposition pending the anticipated rate cut as they continue to look at long-term positioning in the fixed income space to help preserve and improve the overall return which should encourage further inflows and better improve the funds AUM.

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
2. Click on Bond Fund
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