

United Capital Stable Income Fund

Mutual Funds Factsheet | August 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

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 cutting across the 91-day, 182-day and 364-day bill. The bids were majorly skewed towards the longer-tenured instrument, "365-day bill", which received total bids of N323.08bn. Notably, the Apex Bank undersold the auction, allotting just N173.25bn worth of bills. That said, the stop rates on the 364-day bill climbed by 0.62%, settling at 16.50%. Meanwhile, the stop rate on the 91-day and 182-day bills remained unchanged at 15.00% and 15.50%, respectively.

At the second auction, there was a total offer size of N230bn across the 91-day, 182-day, and 365-day bill with a strong investors' demand pushing the total subscription to N396.32Bn, indicating an oversubscription rate of 1.72x. The Bids were heavily skewed toward the longer-tenor 364-day bill, which attracted a total of N356.18bn in bids. Notably, the Apex Bank over-allotted, selling N303.79bn worth of bills. The stop rates on the 91-day and 364-day bills climbed by 0.35% and 0.94%, settling at 15.35% and 17.44%, respectively. Meanwhile, the stop rate on the 182-day bill remained unchanged at 15.50%.

In the secondary market, bearish sentiments resumed amongst investors following the uptick in rates in the primary market. As a result, the monthly average yield on the 364-day bills climbed by 0.25% m/m to close Aug-2025 at 19.5% (previously 19.33% in Jul-2025). Meanwhile, the monthly average yields on the 91-day and 182-day bills fell by 0.16% and 0.10% to settle at 17.00% and 18.28%, respectively.

The financial system opened in August 2025 with a surplus balance of N1.61tn with mop-up activities during the month (due to primary market sales by the Apex Bank), inflows from

Federation Account Allocation Committee (FAAC) payments, Open Market Operations (OMO) maturities (N1.61tn), and bond coupon payments (N395.29bn) helped support liquidity.

The bond market was bullish with the DMO conducting the August auction with an offer size of N200billion cutting across two (2) maturities the newly issued 2030 ("5-year") and the reopened 2032 ("7-year") bond papers

At the auction, investors' demand was strong, with total subscriptions amounting to N268.16bn, indicating an oversubscription 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.

We also 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%.

Looking ahead to September 2025, system liquidity is expected to decline, with projected total inflows of N1.96tn from coupon payments (N600.99bn), NTB maturities (N371.98bn), and OMO maturities (N986.04bn)—representing a 17.26% drop from August's inflows of N2.37tn. As a result, interbank funding rates are projected to remain elevated for most of the month.

We expect the fixed income market to maintain its bullish momentum mainly hinged on the expected rate cut by the MPC. 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.

Consequently, The CBN may opt to conduct OMO auctions or engage in primary market operations to manage and mop up available liquidity. Overall, Fixed-Term Deposit and money market rates are expected to continue on their current downward trend, as we believe the recent uptick is an outlier.

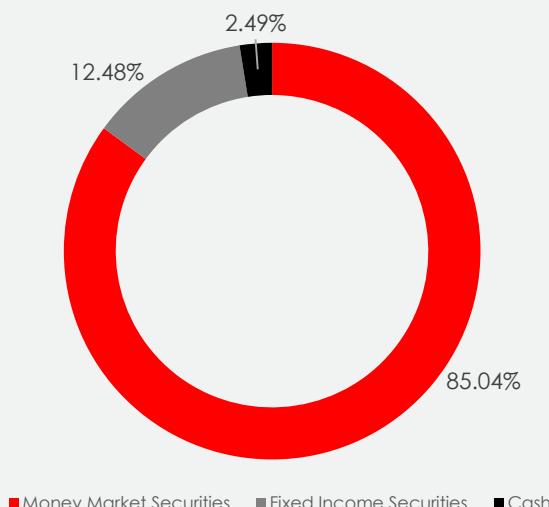
FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Investment Manager Rating	A+(IM)
Base Currency/Start Year	Naira/2024
Fund Size (₦)	51.7bn
NAV Per Share (₦)	122.1567
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
Investment Style	Income Oriented

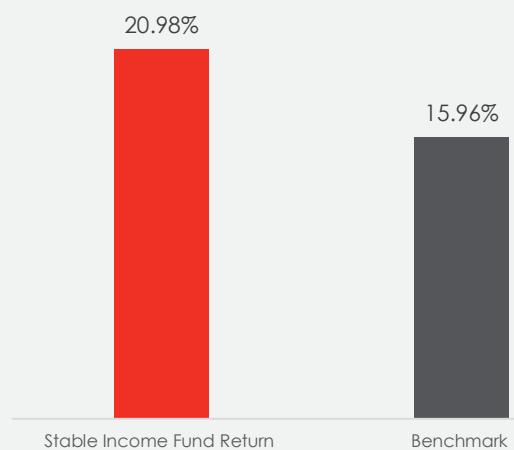
* Inclusive of management fee; Returns are net of all fees

MATURITY PROFILE OF ASSETS

< 1 yr.	86.43%
1 – 3yr	2.22%
3-5yr	2.13%
5 – 10yr	9.22%
>10yr	0.00%

Current Portfolio Holdings

Governance Asset Allocation Ranges:

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

Stable Income Fund Return Vs Benchmark (Annualized)

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%	20.98%
Benchmark	19.06%	17.75%	17.75%	15.96%	18.84%	15.96%

PERFORMANCE REVIEW

The United Capital Stable Income Fund returned a year-to-date annualized return of 20.98%, outperforming the benchmark by 5.02% as at the end of Augst.

The money market recorded mixed sentiments as increased participation spurred market rates across several maturities preserving the fund's performance and creating MTM opportunity for the fund. There was a persistent drive for long termed asset positioning evident in the marginal increase in rates of the 364-day bill as investors tried to lock in rates to hedge against an anticipated market downturn.

The bond market was largely bullish as improved activity triggered by reduced bond supply by the DMO at the auction and an expected rate cut by the MPC spurred the rush to accumulate several bond maturities. There were slight increase in MTM gains across all bond assets helping to preserve the overall fund performance

In September 2025, we expect calm sentiments to persist as investors look for long-term positioning in the fixed income space to help preserve and improve the overall funds return which should encourage further inflows which should better improve the funds AUM.

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
- Macroeconomic instability
- Interest Rate Risk

HOW TO PARTICIPATE

1. Log in to our online platform 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.



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