

United Capital Fixed Income Fund

Mutual Funds Factsheet | December 2023

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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

In December 2023, the Debt Management Office (DMO) conducted its FGN bond Auction, with N360.0bn worth of papers on offer across the following tenors: APR 2029, JUN 2033, JUN 2038, and JUN 2053. During the auction, there was notable strength in investor demand, particularly directed towards instruments with longer tenures. Consequently, the auction witnessed oversubscription, with the total subscription reaching N501.0bn. However, in a strategic move, the DMO allotted a lower amount of N176.0bn against the available N360.0bn, resulting in a bid-to-cover ratio of 1.4x. Consequently, the marginal rate on the 2029s, 2033, 2038s and 2053s papers declined by 50bps, 100bps, 100bps and 85bps to settle at 15.50%, 16.00%, 16.50% and 17.15%, respectively.

In the secondary market, we observed panic buy-interest dominate the market as investors sought to begin to take advantage of the elevated bond yields. Broadly, sentiments were primarily driven by system liquidity and FAAC inflows in the month. The buy-interests were skewed toward both the short

and long ends of the bonds yield curve. That said, average yields on sovereign bonds declined to print at 14.13% in Dec-2023, a 159bps m/m increase from 15.72% print in Nov-2023.

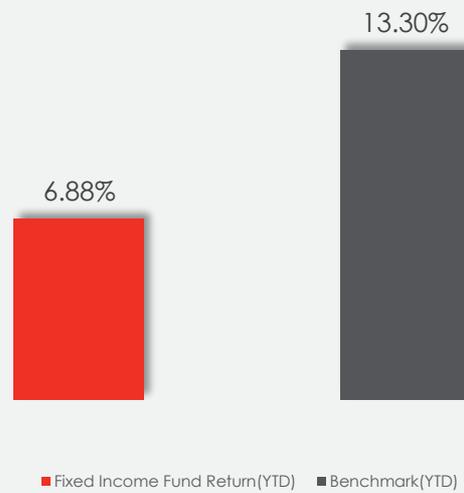
In January, we expect mixed sentiments to prevail in the Bonds market. We expect the body language of the CBN, as indicated by the CBN Governor at the CIBN meeting in November 2023 to underpin further buy-interests. The FG's unending budget deficit financing, as evident in its 2024 budget, and the legacy debt sustainability issue are expected to continue to instigate sell-offs at the background. However, the FG's efforts to shore-up oil production (in a bid to improve oil receipts), rehabilitation of local refineries, the prospects of the Dangote refinery, and expected high-base on inflation, stand as glimmers of hope in 2024.

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	96.1bn
NAV Per Share (₦)	1.9392
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

Fixed Income Fund Return Vs Benchmark (Annualized)



MATURITY PROFILE OF ASSETS

<1yr	12.85%
1-3yr	0.0%
3-5yr	7.46%
5-10yr	57.21%
>10yr	22.48%

RETURN HISTORY

	2017	2018	2019	2020	2021	2022	2023
United Capital Fixed Income Fund	28.4%	11.3%	14.9%	9.35%	6.40%	6.33%	6.88%
Benchmark	14.0%	15.1%	10.2%	3.54%	9.45%	12.83%	13.30%

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

PERFORMANCE REVIEW

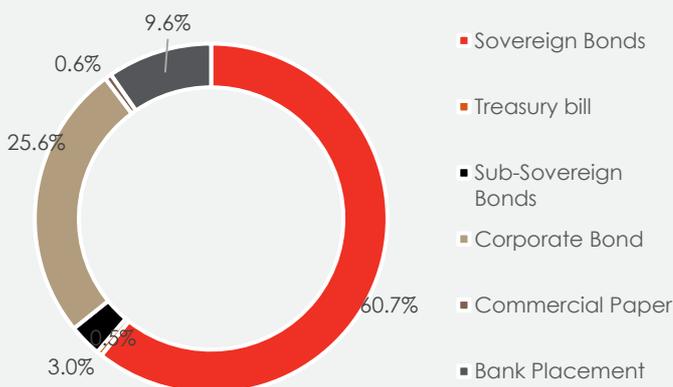
The United Capital Fixed Income Fund returned 0.55% for the month of December 2023 and 6.88% for full year 2023 relative to a 13.30% posted by the benchmark for the same period.

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In line with our expectations for the bond market space, we would engage in active trading for liquid FGN bonds to boost fund 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.

Current Portfolio Holdings



Governance Asset Allocation Ranges:

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

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.

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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