

United Capital Fixed Income Fund

Mutual Funds Factsheet | July 2025

Contact Us:

Philip Ndunaka | +234-703-192-1664 | philip.ndunaka@unitedcapitalng.com

Asset Management | +234-1-631-7876 | asset.management@unitedcapitalng.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 July 2025 bond auction with a total offer size of N80.00bn, split between the re-opened 2029 ("5-year") and 2032 ("7-year") bond papers. Investor demand was strong, with total subscriptions reaching N300.67bn, representing an oversubscription rate of 3.76x. Demand was heavily skewed toward the longer-dated 2032 bond, which attracted N261.60bn in bids. Notably, the DMO over-allotted, selling a total of N185.93bn worth of bills. Thus, the marginal rate on the 2029 and 2032 bond papers declined by 2.06% and 2.05%, from 17.75% and 17.95% to settle at 15.69% and 15.90%, respectively.

In the secondary bond market, we observed bullish sentiments amongst investors spurred by the decline in rates at the primary market auction. Additionally, unmet bids from the auction trickled into the secondary market, driving yields lower. Thus, average yields on sovereign bonds closed lower to print at 16.30% in July 2025, 2.08%bps m/m down from the 18.38% print in June 2025.

In the same vein, we observed buy interests in corporate bonds, as average yields in July 2025 declined by 2.30%bps m/m to close at 18.94% (previously, 21.24% in June 2025). Likewise, the FGN Sukuk bonds market closed bullish as average yields on Sukuk bonds fell by 2.53%bps m/m to close at 16.67% in July 2025 compared to the previous month's close of 19.20%.

At the money market, the CBN conducted two (2) auctions with a marginal reduction across both auctions. There was a total offer of N250bn offered at the first auction and N290bn 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 with the stop rate on the 91-day and 365-day bills declining by 2.06%, 2.15%, and 2.54% from 17.80%, 18.35%, and 18.84% to settle at 15.74%, 16.20%, and 16.30% at the first auction and the stop rates on the 91-day, 182-day, and 365-day bills declining by 0.74%, 0.70%, and 0.42% from 15.74%, 16.20%, and 16.30% to settle at 15.00%, 15.50%, and 15.88% respectively at the second auction.

Looking ahead to August, we expect the fixed income market to sustain its bullish momentum. This outlook hinges on the downward pressure on rates in the fixed-income market and the need to stay ahead of current yields. The significant oversubscription (as seen at the auction) suggests strong investor appetite for longer-duration instruments, particularly amidst expectations of stable or lower yields.

FUND FEATURES

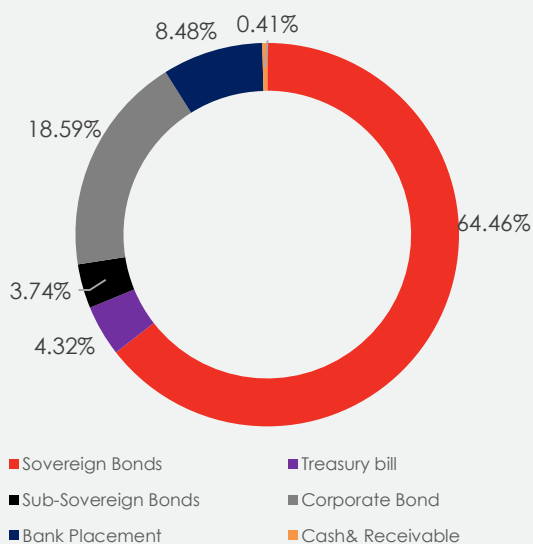
Fund Manager	United Capital Asset Management Ltd
Investment Manager Rating	A+(IM)
Base Currency/Start Year	Naira/2006
Fund Size (₦)	86.3bn
NAV Per Share (₦)	1.9137
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense 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	25.68%
1-3yr	34.68%
3-5yr	17.05%
5-10yr	18.83%
>10yr	3.76%

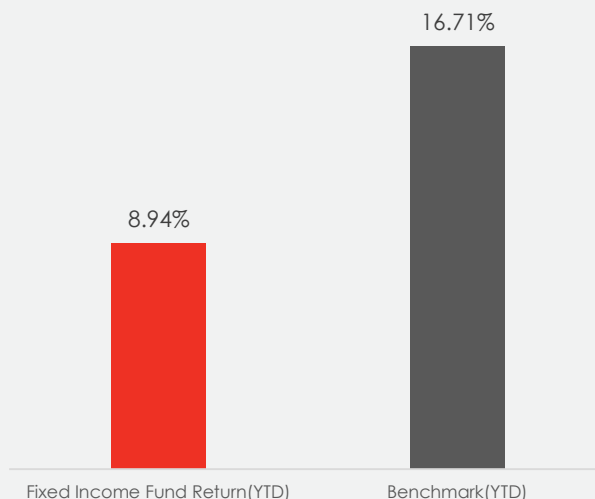
Current Portfolio Holdings



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	2025 YTD
UC Fixed Income Fund	9.35%	6.40%	6.33%	6.88%	6.50%	8.94%
Benchmark	3.54%	9.45%	12.83%	13.30%	20.11%	16.71%

*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 July 2025 is 8.94% relative to 16.71% posted by the benchmark for the same period.

Investors sentiment slightly improved during the month. There was improved activity in the market as expectations for reduced bond supply by the DMO and a potential rate cut by the MPC spurred the rush to accumulate these bonds.

The performance of the fund was mainly driven by reinvestments from Coupons and bond maturities and appreciation in the pricing of several bond held by the fund.

Looking ahead to August 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 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
3. Click on "Open and account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments

