

United Capital

Stable Income Fund

Mutual Funds Factsheet | July 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 N250bn 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 N1.18tn. Notably, the Apex Bank undersold the auction, allotting just N20.82bn worth of bills. That said, the stop rate on the 91-day, 182-day, and 364-day bills declined 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%, respectively.

At the second auction, there was a total offer size of N290bn across the 91-day, 182-day, and 365-day bill with a strong investors' demand pushing the total subscription to N675.65tn, indicating an oversubscription rate of 2.33x. The bids were majorly skewed towards the longer-tenured instrument, with the CBN selling the exact amount on offer. That said, the stop rates on the 91-day, 182-day, and 364-day bills declined 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.

In the secondary market, bullish sentiments prevailed as investors took advantage of attractive yields. We noticed buy interest as investors sought to lock in funds at current levels before a further decline. As a result, the average yield on NTBs fell by 2.43% m/m to close the month of July 2025 at 17.77% (previously 20.20% in June 2025). Similarly, the average yield on OMO bills decreased by 1.66%, settling at 24.69% in July 2025 from 26.35% in the prior month.

The bond market was largely bullish with the DMO conducting the July auction with an offer size of N80billion cutting across two (2) maturities (the reopened 2029 ("5-year") and 2032 ("7-year") bond).

At the auction, investors' demand was strong, with total subscriptions amounting to N300.67bn, indicating an oversubscription of 3.76x. Demand was largely skewed toward the longer-dated 2032 instrument, which attracted bids totaling N261.60bn. 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, 2.08bps 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 2.30bps 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 2.53bps m/m to close at 16.67% in July 2025 compared to the previous month's close of 19.20%.

Looking ahead to August 2025, system liquidity is expected to improve significantly, with projected total inflows of N2.37tn. We expect N395.29bn from coupon payments, N562.42bn from NTBs maturities, and N1.61tn from OMO maturities representing a 134.41% climb from July's inflows of N1.01tn. Overall, FTD and money market rates are expected to continue their current downward trend.

Meanwhile, bullish sentiment is likely to persist in the secondary market, as investors continue positioning ahead of a further decline in fixed-income rates.

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

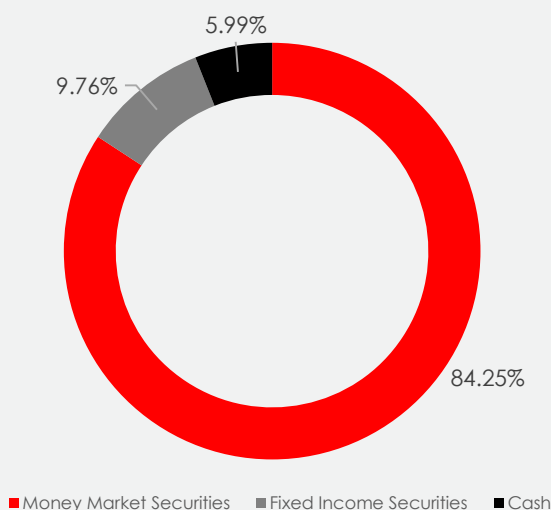
| Fund Manager | United Capital Asset Management Ltd |
|---------------------------|-------------------------------------|
| Investment Manager Rating | A+(IM) |
| Base Currency/Start Year | Naira/2024 |
| Fund Size (₦) | 43.7bn |
| NAV Per Share (₦) | 120.2827 |
| Minimum Entry (₦) | 50,000,000 |
| 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. | 89.86% |
| 1 – 3yr | 2.47% |
| 3-5yr | 2.37% |
| 5 – 10yr | 5.30% |
| >10yr | 0.00% |

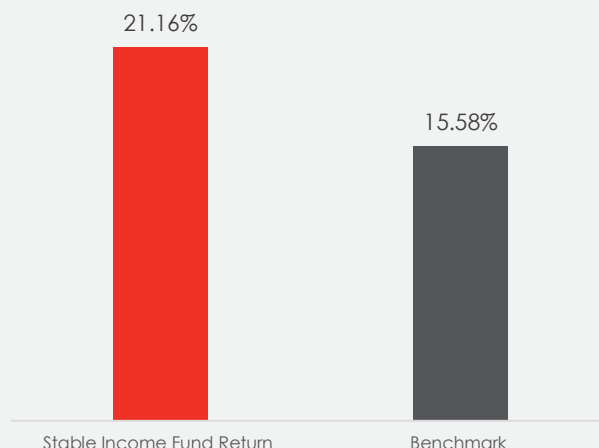
Current Portfolio Holdings



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% | 21.16% |
| Benchmark | 19.06% | 17.75% | 17.75% | 15.58% | 18.84% | 15.58% |

PERFORMANCE REVIEW

The United Capital Stable Income Fund returned a year-to-date return of 21.16%, outperforming the benchmark by 15.58% as at the end of June.

The money market continued to witness a downtrend with a sharp drop in rates across several asset class driven by an increase in demand for assets (Treasury bills) and increased liquidity in the system. There was a persistent drive for long termed asset positioning as investors tried to lock in rates to hedge against further market downturn

The bond market also witnessed further drop in price creating opportunities for mark to market gains for bonds already held by the fund. There were slight increase in MTM gains across all bond assets helping preserve the overall fund performance

In 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 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.

