

United Capital Fixed Income Fund

Mutual Funds Factsheet | June 2025

Contact Us:

Philip Ndunaka | +234-703-192-1664 | philip.ndunaka@unitedcapital.ng

Asset Management | +234-1-631-7876 | asset.management@unitedcapital.ng



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 bond market was largely bullish with the DMO conducting the June auction with an offer size of N100billion cutting across two (2) maturities (the reopened 5-year 2029 bond and the newly opened 7-year 2032 bond).

At the auction, investors' demand was strong, with total subscriptions amounting to N602.86bn, indicating an oversubscription of 6.03x. Demand was largely skewed toward the longer-dated 2032 instrument, which attracted bids totaling N561.17bn. Notably, the DMO sold just the amount on offer. That said, the marginal rates on the 2029 paper declined by 1.23% points from 18.98% to settle at 17.75%. Meanwhile, the marginal rate on the newly opened 2032 paper settled at 17.95%.

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 18.38% in Jun-2025, 0.46% points m/m down from the 18.84% print in May-2025.

At the money market, the CBN conducted two (2) auctions with a marginal reduction across both auctions. There was a total offer of N450bn offered at the first auction and N162.02bn 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 0.02% points and 0.21% points from 18.00% and 19.56% to settle at 17.98% and 19.35%, at the first auction and the stop rates on the 91-day, 182-day, and 365-day bills declining by 0.18% points, 0.15% points, and 0.51% points from 17.98%, 18.50%, and 19.35% to settle at 17.80%, 18.35%, and 18.84%, respectively at the second auction.

Looking ahead to July, 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 a strong investor appetite for longer-duration instruments, particularly amidst expectations of stable or lower yields. In the primary market, we foresee healthy participation in the FGN bond auction, as the Federal Government (FG) relies heavily on domestic borrowings to finance its recurrent expenditures. The government's reliance on the domestic debt market is due to the underwhelming revenue generation performance compared to the budget.

FUND FEATURES

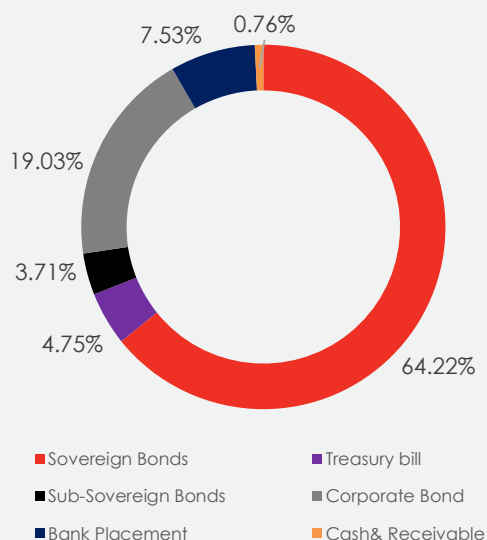
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	87.3bn
NAV Per Share (₦)	1.9008
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr 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	25.66%
1-3yr	34.55%
3-5yr	11.44%
5-10yr	24.68%
>10yr	3.68%

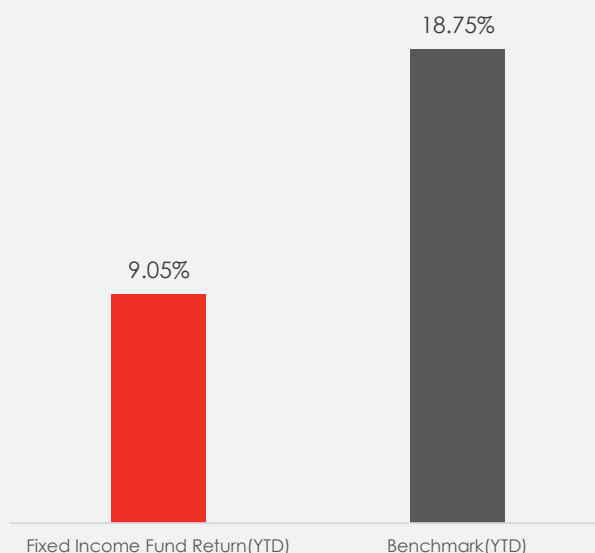
Current Portfolio Holdings



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%	9.05%
Benchmark	3.54%	9.45%	12.83%	13.30%	20.11%	18.75%

*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 June 2025 is 9.05% relative to 18.75% posted by the benchmark for the same period.

Investors sentiment was mainly subdued during the month. There was however a reduced supply of instruments by the DMO at the auction as against demand for those instrument leading to moderation in bond yields as investors took long positions.

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 June 2025, we expect improved inflows as long-term positioning in the fixed income space would help preserve the funds return which should better improve the funds AUM. We also intend to increase our positioning in the money market space with the fund maintaining its strategy of locking in at prime rates to help optimize the overall return of the fund.

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

