

United Capital Stable Income Fund

Mutual Funds Factsheet | June 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 N450bn 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 N1.2tn. Notably, the Apex Bank sold the exact amount on offer. That said, the stop rate on the 91-day and 365-day bills declined by 0.02% points and 0.21% points from 18.00% and 19.56% to settle at 17.98% and 19.35%, respectively. Meanwhile, the stop rate on the 182-day bill remained unchanged at 18.50%.

At the second auction, there was a total offer size of N162.02bn across the 91-day, 182-day, and 365-day bill with a strong investors' demand pushing the total subscription to N1.23tn, indicating an oversubscription rate of 7.61x. 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 365-day bills declined 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.

In the secondary market, bullish sentiments prevailed as investors took advantage of attractive yields. Buy interest was primarily driven by the downward pressure on rates in the primary market, as investors sought to lock in funds at current levels before a further decline. As a result, the average yield on NT-bills fell by 0.54% points m/m to close the month of Jun-2025 at 20.20% (previously 20.74% in May-2025). Meanwhile, the average yield on OMO bills increased by 0.65% points, settling at 26.35% in Jun-2025 from 25.70% in the prior month.

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.

Looking ahead to July 2025, we anticipate lower liquidity inflows into the financial system, driven by expected total inflows of N1.01tn emanating from N281.95bn from coupon payments, N428.06bn from NT-bill maturities, and N300.00bn from OMO maturities. Given the magnitude of the drop, we do not anticipate that the financial system will remain significantly awash with liquidity. As a result, we project that interbank funding rates will likely firm up and trade at elevated levels through most of the month.

Meanwhile, bullish sentiments are expected to persist in the secondary market as investors continue to take positions given the dovish outlook for rates. Lastly, the Monetary Policy Committee (MPC) is scheduled to meet on the 21st & 22nd of July. The MPC's decision will be pivotal for the direction of rates in Q3 2025.

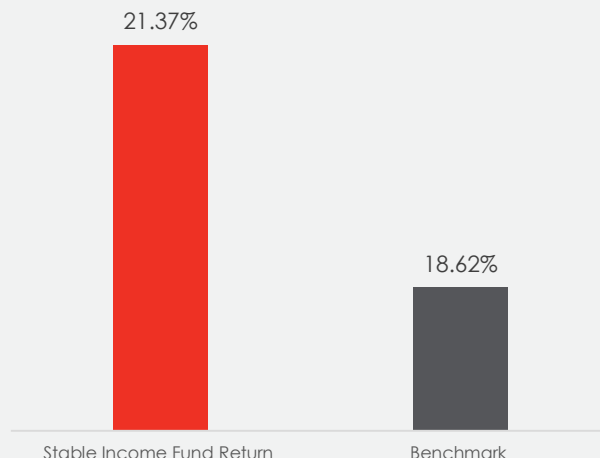
We expect the fixed income market to sustain its bullish momentum. This outlook hinges on the downward pressure on rates in the fixed-income market and the need to stay ahead of current yields. The significant oversubscription (as seen at the auction) suggests a strong investor appetite for longer-duration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

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2024
Fund Size (₦)	33.2bn
NAV Per Share (₦)	118.4192
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
Income Distribution	Income Oriented

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

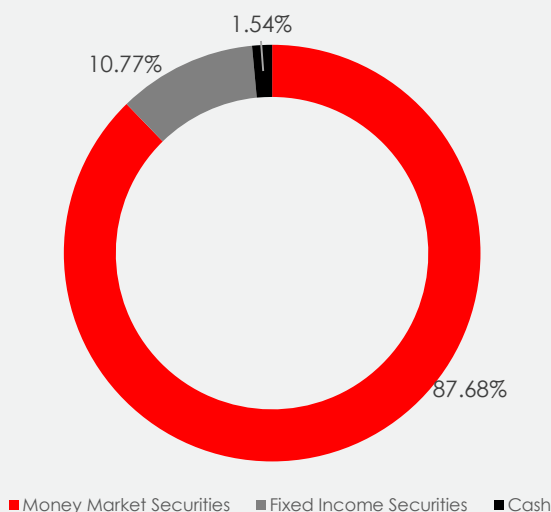
Stable Income Fund Return Vs Benchmark (Annualized)



MATURITY PROFILE OF ASSETS

< 1 yr.	89.23%
1 – 3yr	2.25%
3-5yr	2.62%
5 – 10yr	5.90%
>10yr	0.00%

Current Portfolio Holdings



Governance Asset Allocation Ranges:

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

RETURN HISTORY

	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	2025 YTD
UCAP Stable Income Fund	22.88%	21.87%	22.09%	21.63%	21.93%	21.37%
Benchmark	19.06%	17.75%	17.75%	18.62%	18.84%	18.62%

PERFORMANCE REVIEW

The United Capital Stable Income Fund returned a year-to-date return of 21.37%, outperforming the benchmark by 18.62% as at the end of June.

The money market has been on a downtrend with a persistent 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 drive for long termed asset positioning by several fund managers as they tried to lock in rates to hedge against expected market downturn

The bond market also witnessed a drop in price creating opportunities for mark to market gains for bonds already held by the fund. The recent price movement encouraged long term positioning for the portfolio helping to preserve the return of the fund.

In July 2025 we expect improved inflows as long-term positioning in the fixed income space would help preserve the funds return encouraging further inflows which should better improve the funds AUM. The treasury bill and Fixed deposit market are expected to play at slightly subdued levels with the fund maintaining its strategy of locking in at prime rates to help optimize the overall return of the fund.

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 relating to policy somersault
- 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.

