

United Capital Fixed Income Fund

Mutual Funds Factsheet | March 2025

Contact Us:

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

Asset Management | +234-1-631-7876 | asset.management@unitedcapital.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 Nov-2024 bond auction with an offer size of N120.0bn across the reopened 2029 and 2031 bond papers. At the auction, investors' demand was strong, as total subscriptions printed at N369.59bn. The bulk of the bids were skewed towards the longer instrument, "2031", which received total bids of N294.03bn. Notably, the DMO over-allotted the auction, selling N346.16bn worth of bond paper. As a result, the marginal rates on the 2029s and 2031s climbed by 25bps and 26bps, settling at 21.00% and 22.00%, respectively (previously, 20.75% and 21.74%).

In the secondary market, we observed bearish sentiments in the market as the uptick in primary market rates (during the month) casted a shadow of doubt/uncertainty amongst investors. This is because of the dovish outlook for rates in the fixed-income market in H1-2025. Thus, average yields on sovereign bonds closed higher to print at 18.71% in Mar-2025, 18bps m/m up from the 18.53% print in Feb-2025.

Similarly, we observed mild sell-offs in corporate bonds, as average yields in Mar-2025 increased marginally by 4bps m/m to close at 21.28% (previously 21.24% in Feb-2025). Likewise, the FGN Sukuk bonds closed bearish as average yields on Sukuk bonds climbed by 18bps m/m to close at 19.03% in Mar-2025 compared to the previous month's close of 18.85%.

Looking ahead to April 2025, we expect the cautious trend in the bonds market to persist as investors remain attracted to the interest rates at the shorter end of the yield curve, particularly keeping in view the neutral/dovish outlook of monetary policy in H1-2025. Thus, we expect bond yields to remain around current levels in April with a possibility of inching slightly. 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 expenditure. The government's reliance on the domestic debt market is due to the underwhelming revenue generation performance compared to the budget.

FUND FEATURES

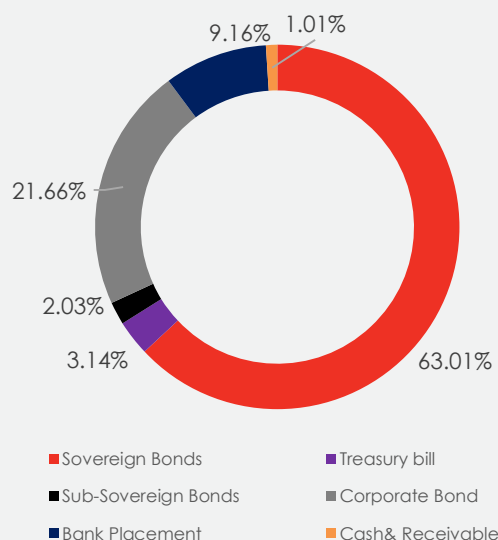
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	88.4bn
NAV Per Share (₦)	2.0008
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr 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	26.02%
1-3yr	34.86%
3-5yr	11.32%
5-10yr	24.11%
>10yr	3.68%

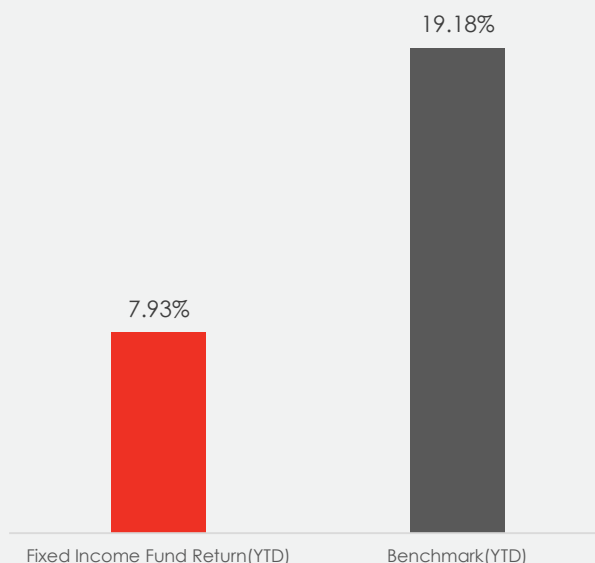
Current Portfolio Holdings



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%	7.93%
Benchmark	3.54%	9.45%	12.83%	13.30%	20.11%	19.18%

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

PERFORMANCE REVIEW

The United Capital Fixed Income Fund annualized return for the month of February 2025 is 7.67% relative to a 19.24% posted by the benchmark for the same period.

The return can be attributed mainly to accrued coupons on bond holdings as well as accrued interest on money market instruments held in the fund during the period. There were also several maturities which were reinvested at higher rates and helped shore up the return of the fund. Several matured bond assets were also reinvested at slightly higher rates which helped average down the cost portion of bond assets on the fund as the fund got better pricing for new purchase during the month.

Looking ahead to April 2025 we expect the cautious trend in the bonds market to persist as investors remain attracted to the elevated rates at the shorter end of the yield curve despite recent drops. We also expect payments from coupons and interests from fixed deposit to help reposition the fund for better performance.

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
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