

# United Capital Stable Income Fund

## Mutual Funds Factsheet | March 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

The financial system opened in March 2025 with a surplus balance of N582.95bn. During the month, the financial system was mainly in the deficit terrain. This was due to the absence of significant inflows at the start of the month and week-on-week primary market activities. As a result, we saw increased activities at the Standing Lending Facility (SLF) window as banks sought to meet their short-term obligations. Nevertheless, at the tail-end of the month, there were significant inflows from bond maturity, NT-bill maturities, and coupon payments, which were sufficient to bolster system liquidity. Thus, the financial system closed the month with a surplus balance of N969.77bn.

At the primary market, CBN conducted four NT-bills auctions during the month. At the first auction, the CBN offered a total of N650.00bn across the 91-day, 182-day, and 364-day bills. Investors' demand was strong, as total subscriptions printed at N1.92tn, indicating an oversubscription rate of 2.96x. As a result, the stop rates on the 182-day and 364-day bills declined by 25bps and 61bps from 18.00% and 18.43% at the last auction in Feb-2025 to settle at 17.75% and 17.82%, respectively. Meanwhile, the stop rate on the 91-day remained unchanged at 17.00%.

At the second auction, the stop rates on the 182-day and 364-day bills climbed by 9bps and 57bps from 17.75% and 17.82% to settle at 17.79% and 18.39%, respectively. Meanwhile, the stop rate on the 91-day remained unchanged at 17.00%.

At the third auction, the stop rates on the 91-day, 182-day, and 364-day bills climbed by 100bps, 71bps, and 155bps from 17.00%, 17.79%, and 18.39% to settle at 18.00%, 18.50%, and 19.94%, respectively.

the stop rate on the 364-day bill declined by 31bps from 19.94% to settle at 19.63%. Meanwhile, the stop rates on the 91-day and 182-day bills remained unchanged at 18.00% and 18.50%.

In the secondary market, we observed buying sentiments across the curve. This buy-interest can be attributed to investors locking in funds at the current high rates, given the prognosis which indicates further decline in rates and a reversal of the yield curve.

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.

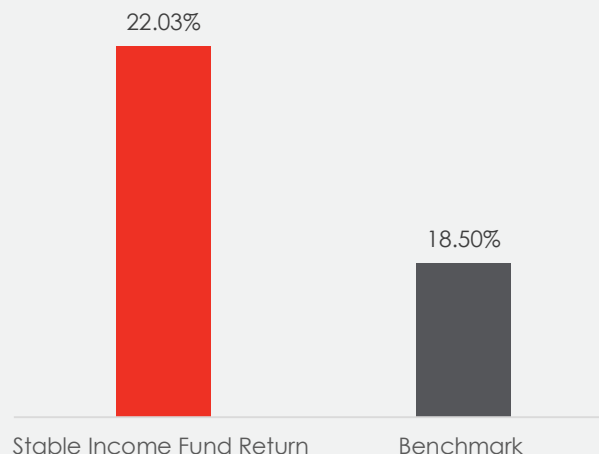
**Looking ahead into April 2025, we anticipate total inflows of N3.13tn, comprised of N431.23bn in coupon payments, N1.25tn from NT-bill maturities, and N1.45tn from OMO maturities. Although this represents a 16.99% decrease compared to March's inflow of N3.77tn, we expect the financial system to be supported by FAAC payments and possible CRR refunds. Meanwhile, we do not rule out the likelihood of the CBN resorting to OMO auctions and primary market activities to mop up anticipated liquidity in the financial system. Nevertheless, we expect the neutral posture by the Apex bank, particularly in response to the recent easing inflationary pressures, to continue to support the downward trend of rates in the fixed-income market. Ultimately, FTD and money market rates will hover at current levels with a likelihood tapering in Apr-2025, while secondary market activities will be bullish as investors look to lock in funds at their current rates.**

## FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2024
Fund Size (₦)	18.4bn
NAV Per Share (₦)	114.1688
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*	2.3%
Risk Profile	Low
Income Distribution	Income Oriented

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

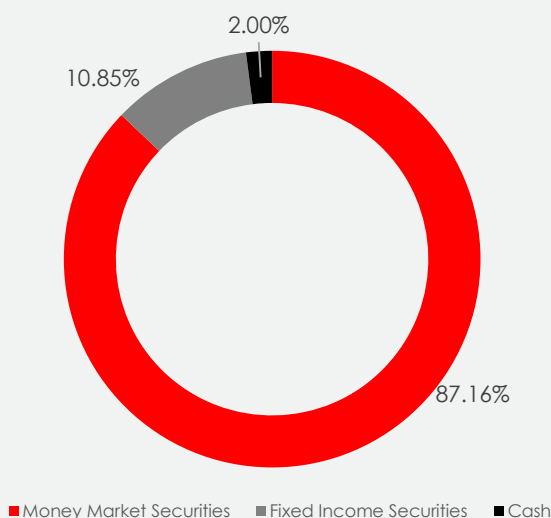
## Stable Income Fund Return Vs Benchmark (Annualized)



## MATURITY PROFILE OF ASSETS

< 1 yr.	89.15%
1 – 3yr	1.94%
3-5yr	4.37%
5 – 10yr	4.54%
>10yr	0.00%

## Current Portfolio Holdings



## Governance Asset Allocation Ranges:

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

## 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%	22.03%
Benchmark	19.06%	17.75%	17.75%	18.50%	18.84%	18.50%

## PERFORMANCE REVIEW

The United Capital Stable Income Fund returned a year-to-date return of 22.03%, outperforming the benchmark by 3.53% as at the end of March.

The several primary market auctions during the month helped the fund better position to get viable investments with several bills bought from the primary and secondary market slightly higher than market rates despite fluctuation in rates. The fund was also able to take advantage of high FD rates in the earlier part of the month helping to preserve the performance of the fund.

The fund was also able to procure several bonds during the month as we saw a surge in inflows necessitating the need to increase the fixed income (Bond) portion of the fund in order to ensure proper asset allocation. Staggered bond purchase and pricing helped the fund get optimal pricing for all bonds purchased during the month.

In April 2025 we expect improved inflows as the returns from the fund is expected to encourage further inflows which should better improve the funds AUM. The treasury bill and Fixed deposit market are expected to play at current 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](http://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.

