United Capital
Asset Management

United Capital Fixed Income Fund

Mutual Funds Factsheet | May 2026

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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 May 2026 bond auction with a total offer size of ₦600.00bn. This comprises the reopened 2035 (10-year) and 2037 (20-year) FGN bonds. Investor demand was relatively subdued, with total market subscriptions amounting to ₦516.17bn, translating to a subscription rate of 0.86x. Despite the lower subscription level, the DMO allotted a total of ₦614.51bn, supported by a ₦280.00bn non-competitive allotment in the 2037 bond. Allotments were heavily concentrated in the 2037 instrument, which accounted for ₦476.84bn of total sales, highlighting continued investor preference for longer-duration assets. Marginal rates cleared higher at 17.00% for the 2035 bond and 17.04% for the 2037 bond, reflecting persistent upward pressure on yields and investors' demand for elevated risk premiums amid prevailing macroeconomic uncertainties.

In the secondary bond market, we observed negative sentiments as the bears dominated. Thus, the monthly average yields on the 2032 and 2034 bonds rose by 0.04% and 0.67% in May to close at 16.89% and 17.00% respectively. Similarly, we observed bearish movements in corporate bonds, as average yields in May-2026 rose by 0.21% m/m to close at 19.15% (previously, 18.94% in Apr-2026). Similarly, the FGN Sukuk bonds market closed bearish as average yields on Sukuk bonds climbed by 0185% to close at 17.19% in May-2026 compared to the previous month's close of 17.01%.

The CBN conducted two Nigerian Treasury Bills (NTBs) auctions during the month. The first auction had an offer size of N700bn worth of bills across the 91-day, 182-day, and 364-day tenors. Investors' demand was strong, with total subscriptions amounting to N2.41tn, representing a subscription rate of 3.44x. Bids were heavily skewed toward the longer-tenored 364-day bill, which attracted a total of N2.23tn in bids. Notably, the Apex Bank only allotted N731.75bn worth of bills. Following the auction, stop rates on the 91-day, 182-day and 364-day Treasury bills closed at 15.95%, 16.19% and 16.20% respectively.

The second auction had an offer size of N650bn worth of bills across the 91-day, 182-day, and 364-day tenors. Investors' demand was strong, with total subscriptions amounting to N1.99tn, representing a subscription rate of 3.06x. Bids were heavily skewed toward the longer-tenored 364-day bill, which attracted a total of N1.83tn in bids. Notably, the Apex Bank over-allotted, selling N829.93bn worth of bills. Following the auction, stop rates on the 91-day, 182-day and 364-day Treasury bills closed at 15.95%, 16.14% and 16.15% respectively.

Heading into June 2026, the Nigerian fixed income market is expected to retain a bearish tone, with yields staying elevated across the curve following the broad-based sell-off observed in May across FGN, corporate, and Sukuk bonds. This trend reflects the continued impact of tight monetary policy and persistent inflationary pressures. Despite the DMO's over-allotment at recent auctions, higher marginal rates suggest that investors still demand elevated risk premiums. On the external front, expectations of delayed rate cuts in the United States are likely to constrain foreign portfolio inflows, reinforcing the dominance of domestic investors and sustaining upward pressure on yields.

FUND FEATURES

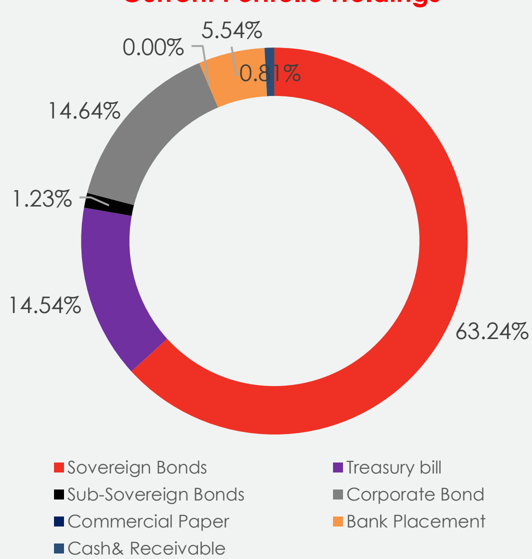
Fund Manager	United Capital Asset Management Ltd
Investment Manager Rating	A+(IM)
Base Currency/Start Year	Naira/2006
Fund Size (₦)	75.6bn
NAV Per Share (₦)	2.0483
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense 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	35.30%
1-3yr	27.62%
3-5yr	13.88%
5-10yr	20.44%
>10yr	2.77%

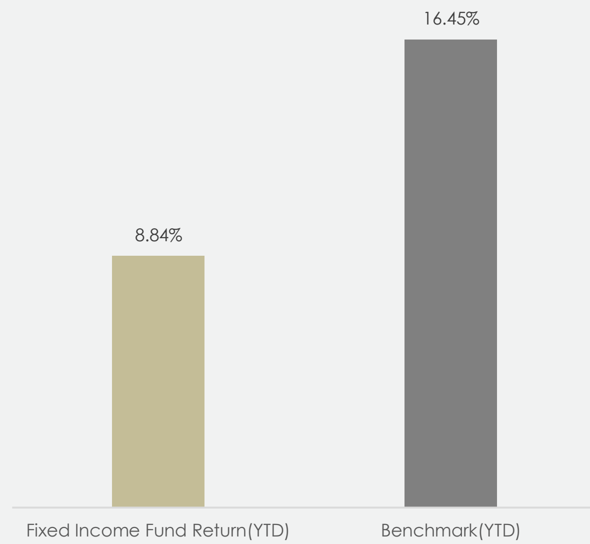
Current Portfolio Holdings



Governance Asset Allocation Ranges:

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

Fixed Income Fund Return vs Benchmark (Annualized)



RETURN HISTORY

	2021	2022	2023	2024	2025	2026 YTD
UC Fixed Income Fund	6.40%	6.33%	6.88%	6.50%	8.31%	8.84%
Benchmark	9.45%	12.83%	13.30%	20.11%	16.60%	16.45%

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

PERFORMANCE REVIEW

The United Capital Fixed Income Fund annualized YTD return as of May 2026 is 8.84% relative to 16.45% posted by the benchmark for the same period.

The fund was also able to reposition using proceeds from Coupons and sale of assets in MTM gain to lock in to long term instruments with high coupon yield.

The bond market remain bearish with slight uptick in the yield curve. A marginal increase in some bond assets poised the fund for MTM gains.

The money market space was more vibrant with the fund taking position at the long end of the curve. The fund manager still intends to take advantage of the current rate environment and take position in instruments with good pricing to optimize overall performance.

Looking ahead to June 2026, we expect the impact of the inflationary pressure and tight monetary policy rate to influence the fund's profitability and returns. 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