United Capital
Asset Management

United Capital Stable Income Fund

Mutual Funds Factsheet | May 2026

Contact Us:

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

Asset Management | +234-1-631-7876 | mutualfunds@unitedcapitalplcgroup.com

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 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 and17.04% 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%.

On the money market front, the financial system opened May with a surplus balance of ₦4.96tn, closed the month at ₦6.02tn.This was supported by ₦1.203tn injected through Federation Account Allocation Committee (FAAC) disbursements. This highlights the resilience of system liquidity despite the Central Bank of Nigeria (CBN)'s sustained liquidity-tightening measures. The monthly average Open Repo Rate (OPR) closed flat at 22.00% and Overnight Rate (O/N) declined by 0.11%to close at 22.19%.

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.

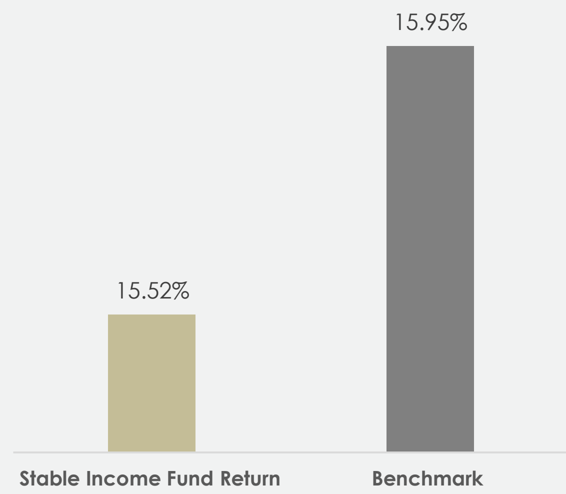
Fund strategy remains anchored on capturing attractive yields at the longer end of the NTB curve and selectively building exposure to FGN bonds offering compelling risk-adjusted returns at current elevated marginal rates. The Fund Manager will maintain a barbell positioning — combining short-tenor liquidity buffers with mid- to long-duration accumulations — to lock in elevated coupons ahead of any future easing cycle while preserving capital and ensuring sufficient liquidity to meet redemption obligations.

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Investment Manager Rating	A+(IM)
Base Currency/Start Year	Naira/2024
Fund Size (₦)	55.6bn
NAV Per Share (₦)	136.9134
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	2.00%
Total Expense Ratio*	2.23%
Risk Profile	Low
Investment Style	Income Oriented

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

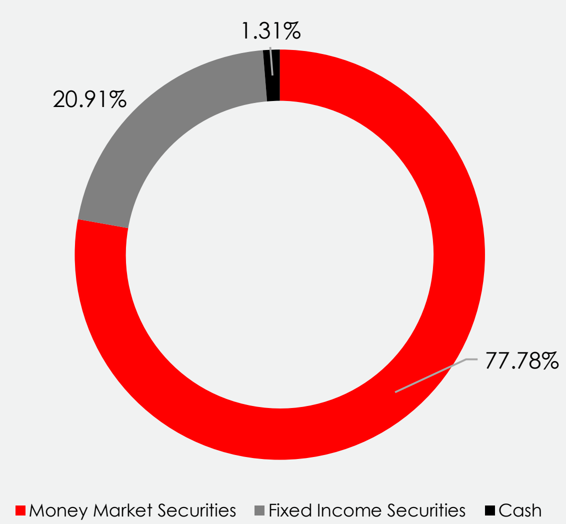
Stable Income Fund Return Vs Benchmark (Annualized)



MATURITY PROFILE OF ASSETS

< 1 yr.	83.58%
I – 3yr	1.06%
3-5yr	5.45%
5 – 10yr	9.91%
>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	2026 YTD
UCAP Stable Income Fund	22.88%	21.87%	22.09%	21.63%	21.93%	19.80%	15.52%
Benchmark	19.06%	17.75%	17.75%	15.95%	18.84%	16.12%	15.95%

PERFORMANCE REVIEW

The United Capital Stable Income Fund recorded a year-to-date annualized return of 15.52%, as against the benchmark of 15.95% as at the end of May.

The market posted mix reactions across several instruments and maturities largely based on market expectations. We expect the economy to maintain its steady pace with a continued inflationary pressure and a tight monetary rate.

Treasury bills and other money market instruments were major picks as investors still looked to buying into the long end of the curve. The fund maintained its long-term positioning keying into new issuances and taking profit to reinvest in key instruments.

The bond market was bearish with slight uptick in the yield curve. A marginal increase in some assets poised the fund for MTM gains. The fund manager still intends to take advantage of current rates and take position in current instruments with good pricing to optimize overall returns.

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.

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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
- 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.

Past performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges.This information has been prepared for the purpose of providing general information, without taking into account your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. Please consult your financial adviser. This information has been compiled from sources considered to be reliable, but is not guaranteed. Any potential investor should consider conducting further enquiries in deciding whether to acquire, or continue to hold units in a fund.