

United Capital Fixed Income Fund

Mutual Funds Factsheet | October 2024

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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 Oct-2024 bond auction with an offer size of N180.00bn (20.00% higher than N150.0bn on offer at September's auction) across the reopened 2029 and 2031 bond papers. At the auction, investors' demand was strong as total subscription printed at N389.32bn, indicating an oversubscription rate of 2.16x. The bulk of the bids were skewed towards the longest tenor instrument, "2031", which received total bids of N328.58bn. Notably, the DMO over-allotted the auction, selling a total of N289.60bn worth of bond papers. As a result of the increased offer and over-allotment, the marginal rates on the bond offerings: 2029s and 2031s climbed by 175bps a piece to settle at 20.75% and 21.74%, (previously 19.00% and 19.99%) respectively.

In the secondary market, the bears had the upper hand, helped by the illiquid position of the financial system for the better part of October. Consequently, average yields on sovereign bonds climbed by 72bps to print at 19.49% (previously 18.77%). In tandem, we observed sell-interest in corporate bonds as average yields at the end of Sept-2024 declined by 114bps m/m to close at 22.80% (previously 21.66%).

Looking ahead into November 2024, we expect bond yields to hover around current levels with possibility of closing lower (@primary market level), particularly influenced by stable supply at the primary market auction vis-à-vis the expected demand. Also, the expectations for another rate hike by MPC in November will look to keep bond yield around current levels in the secondary market.

FUND FEATURES

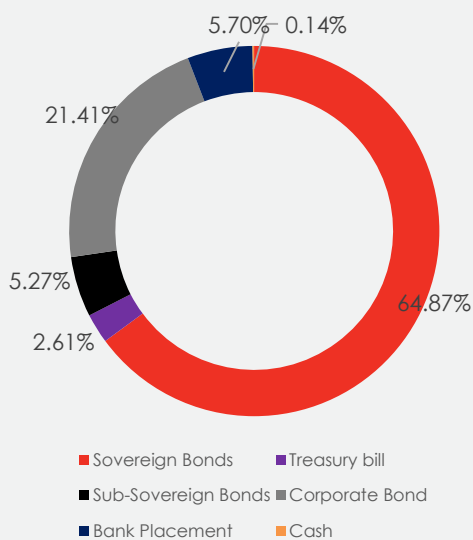
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	86.9bn
NAV Per Share (₦)	1.9387
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr 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	9.79%
1-3yr	31.61%
3-5yr	29.78%
5-10yr	18.43%
>10yr	10.38%

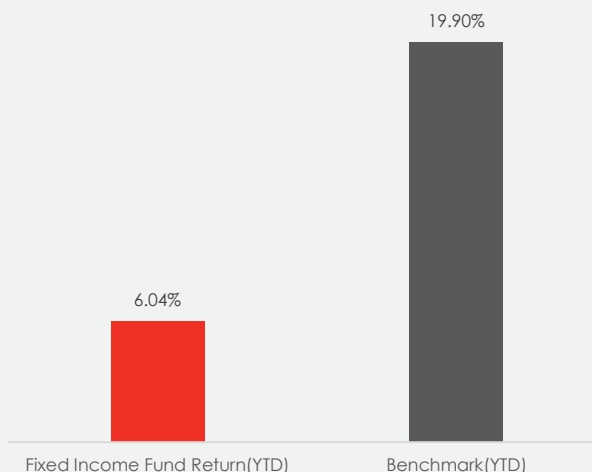
Current Portfolio Holdings



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 YTD
UC Fixed Income Fund	9.35%	6.40%	6.33%	6.88%	6.04%
Benchmark	3.54%	9.45%	12.83%	13.30%	19.90%

*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 October 2024 is 7.87% while the annualized YTD return is 6.04% relative to 19.90% 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.

Going into November and the rest of the year, the major factors that will determine the direction of yields in the market will be offer amount at the bond auction, system liquidity levels, inflation data and the outcome of the MPC meeting at the last MPC meeting for the year.

The portfolio remains invested in FGN Bonds, money market instruments and sub-sovereign bonds with descent yields. We will maintain current allocation to enhance yield income for the Fund.

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.

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



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