

# United Capital Fixed Income Fund

Mutual Funds Factsheet | October 2023

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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

In the primary market, the Debt Management Office (DMO) conducted the Oct-2023 FGN bond Primary Market Auction (PMA) with a total offer size of N360.0bn across the 2029s, 2033s, 2038s and 2053s papers. The auction was oversubscribed due to the financial system's liquidity (at the time of the auction).

Total investor demand was N283.1bn, or 1.06x the amount offered. Investors' interest was skewed towards the 2053s, which accounted for 65.5% of subscriptions. The DMO oversold the auction, and non-competitive allocations made up 10.7% (N40.0bn) of the overall allotments (N374.8bn). Marginal rates on the 2029s (+40bps), 2033s (+30bps), 2038s (+25bps) and 2053s (+35bps) papers climbed to settle at 14.9%, 15.75%, 15.80% and 16.6% respectively.

In the secondary market, during the month's pre-auction, the market was relatively inactive. However, following the auction we observed sell pressures dominate the market as investors' sentiment was mainly bearish.

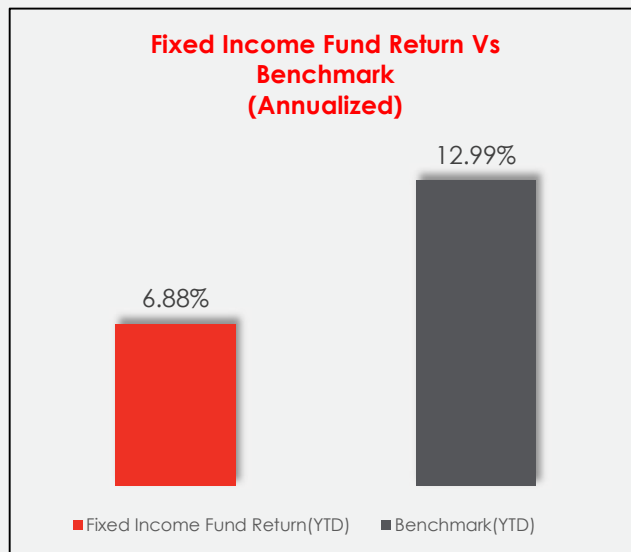
Notably, the selloffs were predominantly skewed towards the short-end of the curve. Thus, average yields on sovereign bonds climbed higher to print at 15.33% in Oct-2023, an 89bps m/m increase from 14.44% print in Dec-2022. Similarly, we observed sell pressures in the corporate bond market, average yields at the end of Oct-2023 fell by 165bps m/m to close at 16.48% (previously 14.83%). In tandem, the FGN Sukuk bonds closed bearish as average yields on Sukuk bonds climbed by 105bps m/m to close at 14.97% compared to the previous month's close of 13.92%.

**Looking ahead, we expect to see bearish sentiments persist in the secondary market. The recent removal of the ceiling (two billion) at the Standing Deposit window will continue to put upward pressure on rates pending any adjustment to the asymmetric corridor (+100/-300). At the next auction we expect to see a further climb in marginal rates.**

**FUND FEATURES**

<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	Naira/2006
<b>Fund Size (₦)</b>	101.7bn
<b>NAV Per Share (₦)</b>	1.9275
<b>Minimum Entry (₦)</b>	10,000
<b>Additional Investment (₦)</b>	5,000
<b>Structure</b>	Open Ended
<b>Minimum Holding Period</b>	90 days
<b>Management Fee</b>	1.5%
<b>Total Expense Ratio*</b>	1.8%
<b>Benchmark</b>	3-Yr FGN Bond Yield
<b>Risk Profile</b>	Medium
<b>Investment Style</b>	Income Oriented

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



**MATURITY PROFILE OF ASSETS**

<1yr	24.2%
1-3yr	10.2%
3-5yr	23.4%
5-10yr	26.4%
>10yr	15.8%

**RETURN HISTORY**

	2017	2018	2019	2020	2021	2022	YTD
United Capital Fixed Income Fund	28.4%	11.3%	14.9%	9.35%	6.40%	6.33%	6.88%
Benchmark	14.0%	15.1%	10.2%	3.54%	9.45%	12.83%	12.99%

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

**PERFORMANCE REVIEW**

The United Capital Fixed Income Fund returned 0.79% for the month of October and 6.88% year to date relative to a 12.99% posted by the benchmark for the same period.

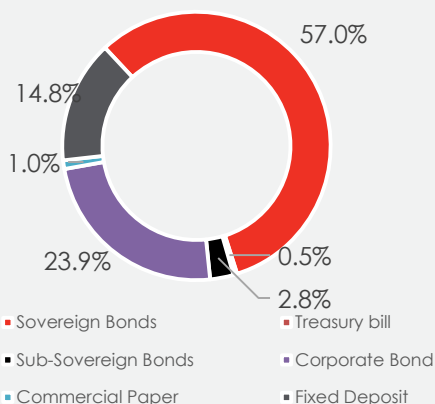
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The portfolio remains invested in FGN Bonds, money market instruments and sub-sovereign bonds with descent yields. We will maintain current allocation to enhance yield income for the Fund.

**Current Portfolio Holdings**



**Governance Asset Allocation Ranges:**

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

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](http://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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Nigerian Eurobond Fund   Sukuk Fund   Wealth for Women Fund