

United Capital Fixed Income Fund | Monthly Fact Sheet



October-21

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

At the October bond auction, the Debt Management Office (DMO) conducted a bond auction selling a total of N192.8bn worth of bonds as against N150.0bn on offer. The auction was met with decent demand, albeit weaker than the past four auctions, with bid-to-cover ratio printing at 1.7x, following total bids of N250.7bn. Expectedly, marginal rates were hiked across the offerings, closing at 11.65% (up 5bps, previously 11.60%), 12.95% (up 20bps, previously 12.75%) and 13.20% (up 20bps, previously 13.00%) on the 2026s, 2037s and 2050s respectively.

In the secondary market, market proceedings were tight through the month with the bond auction spooking bearish sentiments at the end of the month. For the month, average yield rose by 8bps m/m to 11.28% from 11.20% in the previous month, halting the bullish run. In the corporate segment, average yield simultaneously rose, up by 37bps m/m to 11.83% from 11.46%.

In the coming month, we expect the bearish sentiments in the bonds market to prevail. Investors appear to continue to take a measured approach towards investing at the long end of the curve amidst aggressive government borrowings. Consequently, this should sustain tight movements at the long end of the yield curve with a bearish bias.

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The United Capital Fixed Income Fund is regulated by the Securities & Exchange Commission

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.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	114.6bn
NAV Per Share (₦)	1.9338
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Bond Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Fixed Income Fund returned 0.56% for the month of October bringing the Year to date ("YTD") annualised return to 6.77%, relative to the annualized return of 9.17% posted by the benchmark for the same period.

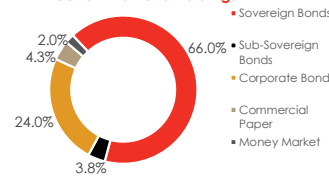
The Treasury Bonds secondary market traded with mixed sentiments, albeit with bullish bias, as inflows from bond coupon payments supported demand levels in addition to expectation of lower yields in the FI space following the outcome of the NTB. We maintain our expectations of lower average yields in the face of limited supply and deliberate effort by the DMO to reduce government's domestic borrowing cost in the short term as investors are likely to continue chery picking attractive instruments across the curve.

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

Maturity Profile of Assets

<1 yr	6.5%
1-3yr	6.5%
3-5yr	11.6%
5yrs & Above	75.3%

Current Portfolio Holdings



Fixed Income Fund Return Vs Benchmark (Annualized)



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

Governance Asset Allocation Ranges:

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

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 Risks

- 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

Return History

	2016	2017	2018	2019	2020	YTD
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.77%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	9.17%

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