

United Capital Fixed Income Fund | Monthly Fact Sheet



December-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 December bond auction, the DMO sold a total of N98.8bn, compared with the N100.0bn on offer across the two bond offerings (2026s & 2037s). Investor demand was skewed towards the 2037s which recorded a bid-to-cover ratio of 2.0x, while the 2026s was undersubscribed at 0.5x. Overall, the auction received a total bid of N132.6bn implying a bid-cover ratio of 1.3x. The marginal rate on the 2026s was unchanged from the previous auction at 11.65%, while the marginal rate on the 2037s rose by 15bps to close at 13.10% (previously 12.95%).

In the secondary market, market proceedings were broadly bearish as investors continued to maintain a stand-offish approach towards the bonds market. For the month, average yield rose 14bps m/m to 11.6% from 11.4% in the previous month. Similarly, in the corporate segment, average yield climbed by 27bps m/m to 12.1%.

In the coming month, we expect mild bearish sentiment in the bonds market to prevail as investors continue to sit on the sidelines due to expectations of higher yields in later months in 2022. Investors await the CBN's monetary policy meeting as well as the DMO's auction calendar which would indicate the level of aggressiveness from the FG for bond issuances. Both events would provide better clarity on the direction of yields for investors.

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

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	113.4bn
NAV Per Share (₦)	1.9569
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 0.55% for the month of December and 6.79% for Full year 2021, relative to a 9.26% posted by the benchmark for the same period.

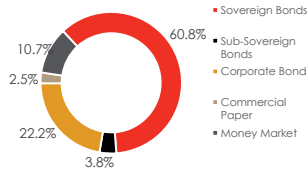
The Treasury Bonds secondary market remained tepid with mixed sentiments following the persistently lower demand as investors opted for non-sovereign instruments. In the short term, we expect yields to oscillate around current levels, driven by the deliberate efforts by the DMO to reduce domestic borrowing costs for the government.

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.

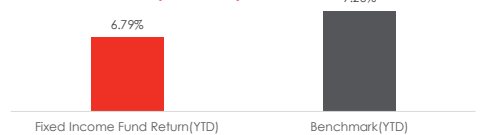
Maturity Profile of Assets

<1 yr	13.0%
1-3yr	5.7%
3-5yr	15.3%
5yrs & Above	66.0%

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	2021
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.40%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	9.45%

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

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.