

United Capital Fixed Income Fund | Monthly Fact Sheet



January-22

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 January's bond auction, the DMO sold ₦170.6bn worth of bonds, exceeding its ₦150bn offer across tenors (reissued 2026s, and newly issued 2049s). Strong investor appetite led to oversubscription with bid-cover ratio printing at 2.2x. Subsequently, marginal rates at the auction closed 15bps lower to 11.5% for the 2026s, while the 2049 (new issue) closed at 13.0%. The decline in the stop rates reflects robust demand for bonds in January as investors sought to reinvest huge bond maturities and coupon payments totalling ₦822.6bn.

In the secondary market, market proceedings were broadly bullish as investors sought to reinvest maturities as well as large coupon payments. As a result, average bond yields fell 33bps m/m to 11.5% from 11.9% in the previous month.

In the coming month, we anticipate a change in tide at the bonds market with bearish sentiments expected to dominate market proceedings. In February, total sovereign bond related maturities would print at ₦66.8bn, signifying tighter liquidity at the long end of the curve. Given that we expect the DMO to remain aggressive in raising funds, the tight liquidity at the long end of the curve should force the DMO to raise rates at the February bond auction and that could trigger selloffs in the secondary market.

Contact Us:
 Emmanuel Akehomen | +234-703-180-3064
emmanuel.akehomen@unitedcapitalplcgroup.com
 Asset Management | +234-1-631-7876
mutualfunds@unitedcapitalplcgroup.com

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 (₦)	111.7bn
NAV Per Share (₦)	1.9683
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 0.58% for the month of January bringing the Year to date ("YTD") annualised return to 7.08%, relative to the annualized return of 10.27% posted by the benchmark for the same period.

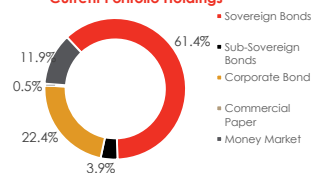
The Treasury Bonds secondary market remained bearish following the maturity of Jan-2022 bond which improved system liquidity. Average yields declined at the mid and long tenor as buying interest increased. In the mid term, we expect frontloading of significant borrowings for the year to result in an uptick in bond yields as investors demand higher yields in the face of elevated supply.

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	12.3%
1-3yr	5.6%
3-5yr	16.1%
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	Jan-22
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.40%	7.08%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	9.45%	10.27%

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