

United Capital Fixed Income Fund | Monthly Fact Sheet



February-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

The Debt Management Office (DMO) conducted a bond auction at the February bond auction to sell ₦150.0bn worth of bonds across the 2026s and 2042s. The auction received strong investors' interest with total bids worth ₦557.7bn, implying a bid-to-cover ratio of 3.7x. The DMO elected to oversell at the auction, selling ₦297.4bn, almost 2.0x its offer. The marginal rate on the 2026s offering fell 55bps to 10.95% from 11.50% at the previous auction, while the 2042s was unchanged at 13.0%.

At the secondary market, activities were broadly bullish as investors bet on expectations of lower yields ahead of March, prompting heavy buy interest in February. Their interest was prominent at the belly of the yield curve, with the short to intermediate tenor bonds shedding 73bps m/m and 81bps m/m on average. For context, the average yield at the tail end of the curve fell 40bps, indicating that investors are wary of duration risk in the long term. Overall, the average yield in the sovereign debt market fell 59bps m/m to print at 11.1% in February. In the corporate segment of the market, the average yield dropped by 79bps m/m to 11.0% from 11.8%.

In the coming month, we expect to see sustained bullish sentiments in the bonds market. We expect coupon inflows (projected to print at ₦335.1bn) in March would support a further aggressive position in bonds, particularly at the belly of the curve. Given the preceding, we expect to see lower bond yields in March.

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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 (₦)	120.4bn
NAV Per Share (₦)	1.9791
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 February bringing the Year to date ("YTD") annualised return to 7.23%, relative to the annualized return of 9.60% posted by the benchmark for the same period.

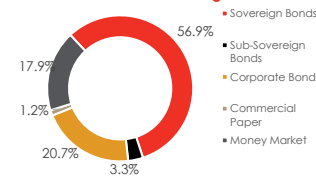
The Treasury Bonds secondary market remained bearish as net maturities kept the system liquid. Average yields declined across tenors as buying interest increased. In the medium term, we expect frontloading of significant borrowings for the year to result in an uptick in bond yields as investors demand 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.

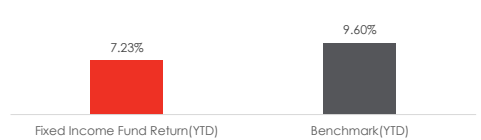
Maturity Profile of Assets

<1 yr	20.3%
1-3yr	4.0%
3-5yr	15.3%
5yrs & Above	60.5%

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

	2014	2017	2018	2019	2020	2021	YTD 2022
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.40%	7.23%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	9.45%	9.60%

*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.