

United Capital Fixed Income Fund | Monthly Fact Sheet



November-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

Last month, the DMO conducted its Nov-2022 FGN bond auction, with a total offer size of N225.0bn across the 2029s, 2032s, and 2037s. Investors' demand was decent as total bids recorded surpassed the total amount on offer, with a bid-to-cover ratio of 1.5x.

Overall interest was skewed toward the longer end of the curve, with the bulk of total bids aimed at the 2037s, oversubscribed at a 3.6x bid-cover ratio. The CBN opted to oversell the auction (N269.2bn) with an allotment rate of 1.2x. Marginal rates crawled higher at the auction, with stop rates across the bond offerings printing at 14.75%, 15.20%, and 16.20%, up by 25bps, 20bps, and 20bps, respectively.

In the secondary market, we observed an overall bullish sentiment amid concerns of a short-term downward pressure on rates. Also, we note that investors sought to fulfil their unmet bids following the Nov-2022 FGN bond auction.

Overall, investors were largely standoffish as their lack of desire for duration exposure eventually shifted their focus to money market instruments. Thus, the average sovereign bond yield declined to print at 14.4% in Nov-2022, an 8bps m/m fall from its 14.5% print in Oct-2022. For corporate bonds, average yields at the end of Nov-2022 fell 13bps m/m to close at 16.0% (previously 16.1%).

Looking ahead, we maintain our expectations of an elevated yield environment, primarily due to the Federal Government's continued reliance on the domestic debt market for its liquidity needs and the shortfall in inflows to the system. We expect N15.0bn in coupon payments to hit the system this month. Additionally, the decision by the Monetary Policy Committee to hike the benchmark interest rate by 100bps to 16.5% will fuel investors' appetite for higher rates. We expect marginal rates to trend higher as we anticipate an overall bearish sentiment to dominate the market.

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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 (N)	100.3bn
NAV Per Share (N)	1.9198
Minimum Entry (N)	10,000
Additional Investment (N)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN Bond Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

For the month of November, the United Capital Fixed Income Fund gained 0.49% and Year to date ("YTD") annualized return printed at 6.25%. The benchmark posted an annualized return of 14.32% for the same period.

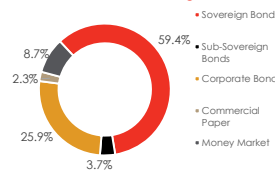
Activities in the FGN bonds secondary market were bullish as investors cautiously cherry-picked instruments with attractive yields across the curve. Thus average yield contracted across the short and long end of curve, with expansion seen at the mid segment of the curve.

We maintain our expectations of an elevated yield environment, primarily due to the Federal Government's continued reliance on the domestic debt market for its liquidity needs and the shortfall in inflows to the system. The Fund maintains sufficient exposure to FGN bonds, money market instruments and sub-sovereign bonds with significantly higher yields. We will maintain current allocation to enhance returns for the Fund.

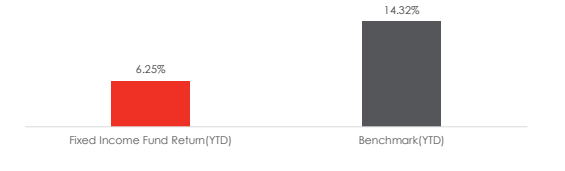
Maturity Profile of Assets

<1 yr	12.5%
1-3yr	5.0%
3-5yr	29.4%
5-10yr	37.8%
>10yr	15.4%

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	YTD 2022
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.40%	6.25%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	9.45%	14.32%

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