

January-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 primary bond market, the Debt Management Office (DMO) conducted a primary bond auction which saw an uptick in marginal rates as expected. Interestingly, the DMO allotted only N122.26bn out of the N150.0bn initially offered as investors demanded higher yields. Hence, the 2027, 2035 and 2045 instruments closed at 7.98%, 8.74% and 8.95% respectively.

At the secondary market, bearish sentiment was stoked by marginal rates at the bond auctions closing higher allowing investors to reprice secondary market yields higher. The bearish sentiment was despite a status quo decision by the MPC, limited investment outlets and buoyant system liquidity. Accordingly, the average sovereign bond yield surged by 195bps month-on-month to 8.07% in January 2021.

Looking ahead, we are of the view that bearish sentiment will persist in the bond market as investors exit their long position in anticipation of a hike in interest rate even as dealers continue to bid at higher rates at the primary market. Consequently, we expect the yield curve to further steepen as long term yields rises faster in the short-term.

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

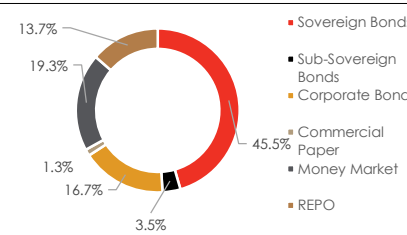
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	135.4bn
NAV Per Share (₦)	1.8982
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Bond Yield
Risk Profile	Medium
Investment Style	Income Oriented

## Maturity Profile of Assets

<1 yr	31.8%
1-3yr	2.8%
3-5yr	10.2%
5-10yr	55.2%

## Current Portfolio Holdings



\* 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

## How to participate

1. Log in to our online platform [www.investnow.ng](http://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 payments

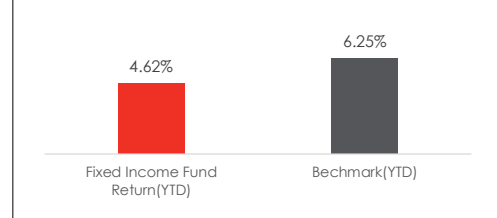
## PERFORMANCE REVIEW

The United Capital Fixed Income Fund returned 0.36% for the month of January with an annualised return of 4.62%, relative to a 6.25% posted by the benchmark for the same period.

The Treasury bonds secondary market continued to see sustained demand as market players looked to re-invest maturities from short-term instruments at relatively attractive yields. Consequently average yield contracted across the short, mid and long end of the yield 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.

## Fixed Income Fund Return Vs Benchmark



## Return History

	2016	2017	2018	2019	2020	Jan-21
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	4.62%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	6.25%