

# United Capital Fixed Income Fund | Monthly Fact Sheet



March-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

Overall direction in the fixed income space remained broadly driven by the reversal in the yield environment. The MPC met and maintain status quo during the month, while the CBN sustained liquidity mop-up auctions. Meanwhile, marginal rate at the monthly DMO bond auction continue to climb northwards. At the March bond auction, the DMO sold N262.1bn worth of naira bonds against N150.0bn offered at its bond auction, taking advantage of the huge bids (the bid to cover ratio was 1.27x) possibly to cover up shortfalls from prior auctions. The 10-year, 15-year & 25-year bonds were allotted at 10.5% (up 25bps from the last auction), 11.5% (up 25bps from the last auction), & 12.0% (up 20bps from the last auction) respectively.

At the secondary market, activity level remained relatively weak despite FAAC allocations and coupon payments as investors reacted to the outcome of the primary market auction with caution. Accordingly, the average sovereign bond yield rose by 58bps m/m to 9.82% as of 31st March from 9.24% at the end of February. To provide further context, the S&P/FMDQ sovereign bond index closed the month of March 0.7% lower m/m.

**Looking ahead, we believe that bond market investors will continue to seek higher rates at the primary market as they take advantage of the FGN's reliance on the local debt market. Consequently, this would further spur bearish sentiments in the secondary market.**

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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 (₦)	150.5bn
NAV Per Share (₦)	1.9191
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 0.57% for the month of March bringing the Year to date ("YTD") annualised return to 6.07%, relative to the annualized return of 7.54% posted by the benchmark for the same period.

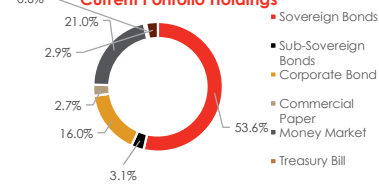
The Treasury bonds secondary market continued to see sustained demand due to improved market liquidity following coupon payment and speculative demand from investors in anticipation of higher yields. Overall, we expect yields to touch double-digits on the average over the short term.

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.

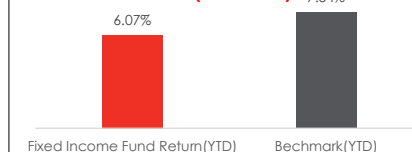
### Maturity Profile of Assets

<1 yr	28.2%
1-3yr	4.5%
3-5yr	9.2%
5-10yr	58.1%

### 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](http://www.investnow.ng)
2. Click on Bond Fund
3. Click on "Open an 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	YTD
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.07%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	7.54%