

United Capital Fixed Income Fund | Monthly Fact Sheet



August-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 August bond auction, the DMO sold a total of N260.0bn, compared with the N150.0bn volume on offer across the three maturities. Investor demand was strong as all bonds on offer were oversubscribed with the 2028s, 2036s and 2050s recording subscriptions rate of 1.21x, 1.15x and 1.69x respectively. In addition, the marginal rates closed lower, with the 2028s, 2036s and 2050s closing at 11.6%, 12.75% and 12.80%, from 12.35%, 13.15% and 13.25% at the Jul-2021 auction.

In the secondary market, investor demand for Naira bonds remained strong sustaining the decline in yields. For the month, average yield declined by 90bps m/m to 11.2% from 12.1% in the previous month. In the corporate segment, average yield simultaneously declined by 100bps m/m to 11.7% from 12.7%.

In the coming month, we expect demand-led activities in the secondary bonds market as investors continue to attempt to lock-in bids amid the decline in yields. Consequently, this would further spur further decline in yields at the secondary market.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	118.9bn
NAV Per Share (₦)	1.9123
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 0.61% for the month of August bringing the Year to date ("YTD") annualised return to 6.73%, relative to the annualized return of 10.40% posted by the benchmark for the same period.

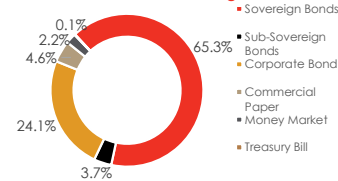
The Treasury bonds market closed the month on a bullish as the average yield contracted across the curve on the back of improved demand following the sustained improvement in macroeconomic conditions as signalled by the third consecutive quarter of positive growth and further reduced stop rates at the NTB auction. We maintain our expectations of lower average yields in the face of limited supply and deliberate efforts by the DMO to reduce domestic borrowing costs for the government

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.

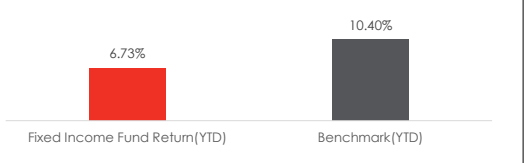
Maturity Profile of Assets

<1 yr	8.0%
1-3yr	6.4%
3-5yr	11.6%
5-10yr	74.0%

Current Portfolio Holdings



Fixed Income Fund Return Vs Benchmark (Annualized)



* Inclusive of management fee; Returns are net of all fees

Government 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	YTD
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.73%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	10.40%

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

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

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