

# United Capital Fixed Income Fund | Monthly Fact Sheet



April-23

## 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 its APR FGN bond auction. The DMO offered to the market a total of N360.0bn bonds across four (4) tenors, FEB 2028, APR 2032, JAN 2042, and MAR 2050. At the auction, investors oversubscribed with overall bids summing up to N442.0bn. This implied a bid-to-cover ratio of 1.2x. The DMO oversold the auction modestly by 2.1%, selling N367.6bn worth of papers cross the tenors on offer. Interestingly, the marginal rate on the 2028s was unchanged at 14.0%, while the 2032s rose by 5bps to 14.8%. The marginal rate on the newly issued re-issued 2042s and 2050s printed at 15.4% and 15.8%, respectively.

The FGN Bonds secondary market closed bearish in April as supply was predominant during trading, amidst the prevailing system illiquidity in the month. It was also underpinned by short-selling activity. There were pockets of buy interest following N236.0bn in coupon payments and N736.0bn in FGN bond maturities. Overall, the average yields on sovereign bonds rose by 53bps m/m to print at 14.13% as of 28-Apr-2023.

**This month, we expect bearish sentiments to persist in the bond market. The system's liquidity will be pivotal in the northward tilt in the yield curve. Another key upside for our expectation is another possible 50bps hike by the MPC in its May meeting, stimulated by the prevailing negative real returns, elevated inflation rate, falling foreign reserve, and the volatile Naira. We anticipate that market players will continue to open short positions, ahead of the FGN Bond Auction for May.**

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	101.4bn
NAV Per Share (N)	1.9744
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

The United Capital Fixed Income Fund returned 0.57% for the month of April and 7.36% year to date relative to a 12.31% posted by the benchmark for the same period.

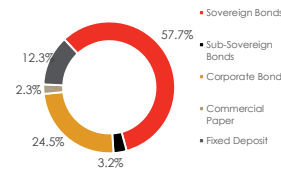
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The portfolio remains invested in FGN Bonds, money market instruments and sub-sovereign bonds with descent yields. We will maintain current allocation to enhance yield income for the Fund.

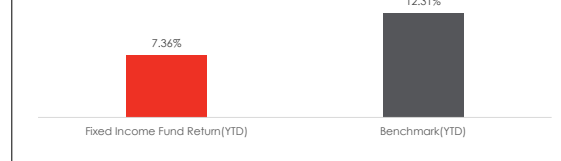
### Maturity Profile of Assets

<1 yr	19.5%
1-3yr	9.1%
3-5yr	24.6%
5-10yr	29.4%
>10yr	17.3%

### 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 and account" and complete the online form
4. Fund your account online with a one-time payment or recurrent

### Return History

	2017	2018	2019	2020	2021	2022	YTD
United Capital Fixed Income Fund	28.4%	11.3%	14.9%	9.35%	6.40%	6.33%	7.36%
Benchmark	14.0%	15.1%	10.2%	3.54%	9.45%	12.83%	12.31%

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

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