

United Capital Fixed Income Fund | Monthly Fact Sheet



May-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 May FGN bonds auction. The DMO offered 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 N478.9bn.

This implied a bid-to-cover ratio of 1.3x. The DMO oversold the auction modestly by 2.3%, selling N368.2bn worth of papers across the tenors. Owing to the relatively liquid financial system at the time of the auction, marginal rates across the 2028s, 2032s, and 2042s trended higher by 10bps, 10bps and 29bps to print at 14.10%, 14.90%, and 15.69%, respectively.

However, the marginal rate attached to the 2050s remained unchanged at 15.8%. The FGN bonds secondary market closed bullish in May due to the broadly liquid financial system. The N23.5bn coupon payments stimulated pockets of buying interest. Overall, the average yields on sovereign bonds rose by 17bps m/m to print at 13.96% as of 31-May-2023.

This month, we expect bearish sentiments to return in the bonds market. The illiquidity in the financial system and the recent 50bps MPR hike will be pivotal in the northward tilt of the curve from the mid-long end. Investors' sentiments are expected to be stimulated by the prevailing negative real returns, elevated inflation rate, falling foreign reserves, and the volatile Naira. The FG's sustained need for debt to bridge funding gaps is expected to improve the supply of bonds in the local market, as external restrictions remain amid the depleting revenue base.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	101.9bn
NAV Per Share (N)	2.01
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 0.63% for the month of May and 7.53% year to date relative to a 12.54% posted by the benchmark for the same period.

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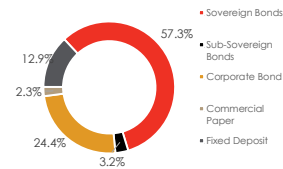
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The portfolio remains invested in FGN Bonds, money market instruments and sub-sovereign bonds with descent yields. We will maintain current allocation to enhance yield income for the Fund.

Maturity Profile of Assets

<1 yr	21.7%
1-3yr	8.5%
3-5yr	23.4%
5-10yr	29.3%
>10yr	17.2%

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

	2017	2018	2019	2020	2021	2022	YTD
United Capital Fixed Income Fund	28.4%	11.3%	14.9%	9.35%	6.40%	6.33%	7.53%
Benchmark	14.0%	15.1%	10.2%	3.54%	9.45%	12.83%	12.54%

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

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

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