

# United Capital Fixed Income Fund | Monthly Fact Sheet



April-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 April bond auction, the Debt Management Office (DMO) offered to sell N150.0bn worth of bonds but subsequently oversold the auction as it attempted to take advantage of current yield level in expectation of higher yields in subsequent auctions. The auction received N265.7bn worth of bids with the DMO opting to sell N157.9bn worth of bonds. In line with expectations, marginal rates on the 2027, 2035, and 2045 instruments closed significantly higher at 12.25%, 13.34% and 13.85% from 10.25%, 11.25% and 11.80% respectively.

At the secondary market, bearish sentiment continued to dominate market proceedings in the month of April as investors continued to reprice secondary market yields higher in expectation of higher yields at the bond auction. Accordingly, the average sovereign bond yield surged by 211bps m/m to 11.9% in April from 9.8% at the end of March. Similarly, at the corporate bond market, average bond yield surged 231bps m/m to 12.7% in April from 10.4% at the end of March.

Looking ahead, we are of the view that bond market investors will continue to seek higher rates at the primary market as they take advantage of the FG'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

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	141.8bn
NAV Per Share (₦)	1.9303
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

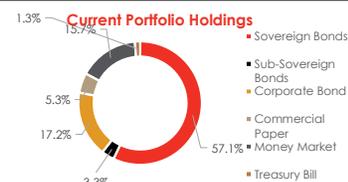
The United Capital Fixed Income Fund returned 0.58% for the month of April bringing the Year to date ("YTD") annualised return to 6.39%, relative to the annualized return of 10.96% posted by the benchmark for the same period.

The Treasury bonds secondary market remained bearish as investors continue to anticipate higher yields for FGN bonds. Across the curve, average yield expanded following sell-offs in short, mid and long tenored bonds. Overall, we expect yields to continue its upward trend 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	23.3%
1-3yr	4.8%
3-5yr	10.1%
5-10yr	61.8%



## 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

## 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

## Investment Risks

- Market risk
- Macroeconomic instability
- Interest Rate Risk

## Return History

	2016	2017	2018	2019	2020	YTD
United Capital Fixed Income Fund	16.0%	28.4%	11.3%	14.94%	9.35%	6.39%
Benchmark	15.5%	14.0%	15.1%	10.20%	3.54%	10.96%

Past performance is not a reliable indicator of future performance. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. Please consult your financial adviser. This information has been compiled from sources considered to be reliable, but is not guaranteed. Any potential investor should consider conducting further enquiries in deciding whether to acquire, or continue to hold units in a fund.