

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | August 2024

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FUND OBJECTIVE

The United Capital Nigerian Eurobond Fund is an open-ended mutual fund that is invested in Dollar denominated Eurobonds, floated by the Federal Government of Nigeria, as well as top-tier corporates. Subscribers can expect to receive competitive short to medium term capital appreciation on their USD holdings invested in the Fund better than they would receive on domiciliary deposits. The minimum investment is \$1,000 and multiples of \$500 thereafter.

MARKET REVIEW, OUTLOOK AND STRATEGY

In August 2024, the Nigerian Eurobond markets was met with bullish sentiments, in line with our expectations. Key factors that underpinned the bullish sentiments include the dovish stance of US Fed for its subsequent meetings in H2-2024, which looked to incentivize the appetite of international investors toward Sub Saharan African Eurobonds, as they began shopping for higher dollar returns. Also, coupon inflows to the tune of \$197.5mn, 30.1% higher than coupon inflows of \$151.8mn in July, spurred local appetite. That said, on a month-on-month basis, average yields in the secondary market for Nigerian Eurobonds declined by 47bps to print at 9.72%. (previously 10.19%).

In September, we expect the broad-based positive sentiment towards SSA Eurobonds to continue to play a key role in the performance of Nigerian Eurobonds. Generally, in the SSA sub-region, we expect inflation to continue to trend downwards largely due to the high base effect and fiscal interventions. This in turn will incentivize monetary easing and higher bond prices. Therefore, foreign investors have an incentive to take advantage of the high yields offered by Nigerian Eurobonds. This prognosis is supported by the general premise that global benchmark interest rates have peaked for this cycle as attention pivots toward interest rate cuts in response to easing inflation and renewed recession woes in developed economies.

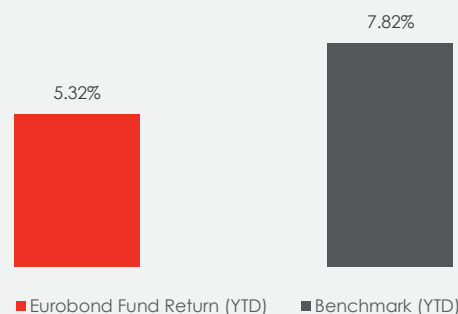
Past performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account 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.

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	145.34.m
NAV Per Share (\$)	122.02
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.5%
Benchmark	Composite of 3-yr FGN sovereign Eurobond and 3mth US T-Bill
Risk Profile	Medium
Investment Style	Income Oriented

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

Eurobond Fund Return Vs Benchmark (Annualized)



RETURN HISTORY

	2019	2020	2021	2022	2023	2024 YTD
UCAP Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	5.52%	5.32%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	7.82%

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

PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund closed the month with an annualized year-to-date return of 5.32%, compared to 5.36% in the previous month. The benchmark return decline to 7.82% (8.12% in the previous month).

Yields continue to decline in the Nigerian Eurobond space, owing to the anticipated US FED rate cut and increased interest in the region. As investors continue to shop for high yielding instruments in the Sub-Sahara region, we saw significant buy interest especially in the Nigerian Eurobond space, leading to further decline in average yield. Likewise, coupon inflows amounting to \$197.5 million, which is 30.1% higher than the \$151.8 million received in July, have boosted local interest. On a month-to-month basis, the average yields for Nigerian Eurobonds in the secondary market fell by 47 basis points, settling at 9.72%, down from the previous 10.19%.

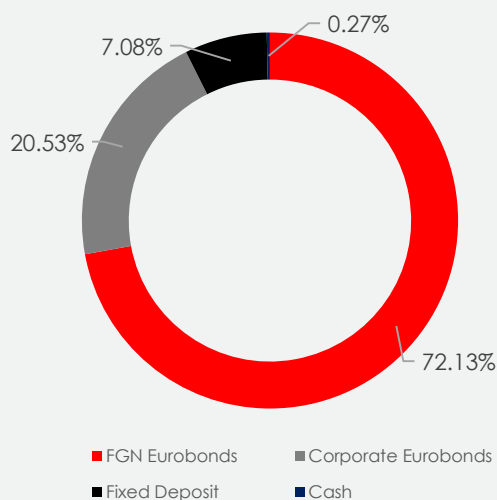
In September, we anticipate that the generally positive sentiment towards SSA Eurobonds will continue to significantly influence the performance of Nigerian Eurobonds.

We will continue to maintain the required allocation ranges in line with the Trust Deed, and tactically pick higher yielding maturities in the sovereign bond space to enhance the performance of the Fund.

MATURITY PROFILE OF ASSETS

<1yr	7.34%
1-3yr	15.18%
3-5yr	3.73%
5-10yr	21.71%
>10yr	52.04%

Current Portfolio Holdings



Governance Asset Allocation Ranges:

FGN Eurobonds (20%-80%); Corporate Eurobonds (20%-80%); Money Market placements (0% - 20%)

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WHY CHOOSE THE FUND?

- Much better returns than the average domiciliary deposit
- A good hedge against depreciation of the Naira
- Seamless Entry and Exit
- Professional management with robust risk framework
- Long term capital preservation and growth

INVESTMENT RISK

- Credit Risks
- Macroeconomic instability
- Interest Rate Risk

HOW TO PARTICIPATE

1. Log in to our online platform www.investnow.ng
2. Click on "Eurobond Fund"
3. Click on "Open an account" and complete the online form
4. Fund the Custody Account detailed here

UNITED CAPITAL NIGERIAN EUROBOND FUND

Account No: 0406315251

Account Name: MAINSTREET TRUSTESS/UNITED CAPITAL NIGERIAN EUROBOND FUND

Currency: USD

Bank: FCMB

Correspondent Bank: CITIBANK, New York, USA,
399 Park Avenue, New York, NY10043, U.S.A.

BIC/SWIFT ID:FCMBNGLAXXX

Intermediary BIC : CITIUS33XXX



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