

United Capital Global Fixed Income Fund

Mutual Funds Factsheet | December 2024

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FUND OBJECTIVE

The United Capital Global Fixed Income Fund is an actively managed open-ended specialized fund whose main objective is to achieve consistent income streams through investment in select dollar-denominated global Fixed income securities issued by non-Nigerian issuers, sovereign as well as top-tier corporate Eurobonds. The fund is targeted at investors looking to diversify their portfolios from county specific investment risks.

The Fund will also provide portfolio managers access to diversify their portfolio and income streams whilst providing long-term capital appreciation. The minimum investment is \$50,000 and multiples of \$1,000 thereafter.

MARKET REVIEW, OUTLOOK AND STRATEGY

The Federal Reserve reduced its benchmark interest rate by 25 basis points (bps) to a target range of 4.25%-4.50%, aligning with market expectations. However, the Federal Open Market Committee (FOMC) signaled a more measured pace of monetary easing, reflecting updated economic projections and Fed Chair Jerome Powell's remarks. Growth and inflation forecasts for 2024 and 2025 were revised upwards, with the Summary of Economic Projections (SEP) now indicating 50bps of rate cuts in 2025—down from the previously anticipated 100bps. Powell emphasized a data-dependent approach, suggesting the potential for two additional rate cuts in 2025, contingent on inflation trends, labor market dynamics, and other macroeconomic conditions. The Fed's recalibration of its rate cut outlook for 2025 unsettled markets, driving the 2-year U.S. Treasury yield 8bps higher month-on-month to 4.23%.

Meanwhile, in the UK, borrowing costs are nearing their highest levels since 1998, as markets grapple with the Bank of England's uncertain trajectory for 2025 rate adjustments. Current pricing reflects expectations of 2-4 rate cuts, underscoring the ambiguity in the policy outlook. In Asia, China's 1-year government bond yield declined to 1.00% for the first time since the global financial crisis, reflecting intensified expectations for further monetary easing as authorities respond to mounting economic pressures. These developments underscore diverging global monetary policy trajectories, with investors recalibrating expectations across key markets.

It is our view that interest rates have peaked in many developed bond markets, however, fixed income returns remain promising across emerging markets. It is most likely that global financial markets will follow the lead of the US in 2025, influenced by a stronger US economy and uncertainty over the coming administration's policies. Investors now largely expect a soft landing as recession fears have diminished. However, potential fiscal and regulatory changes brought on by the new Trump administration introduce new uncertainties to financial markets. The downside risks to US economic growth, including more aggressive tariffs, could shift rates lower. The ECB exited restrictive policy rates in 2024 and is poised to extend its rate cutting cycle through 2025 to 1.50% by Dec-2025.

Unlike other Central Banks which have begun easing policies, sustained inflation in Japan is expected to drive the Bank of Japan toward continued policy normalization through 2025. Despite political uncertainty post-election suggesting fiscal easing, gradual rate hikes are generally anticipated, bringing the policy rate to 1.00% by year-end.

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

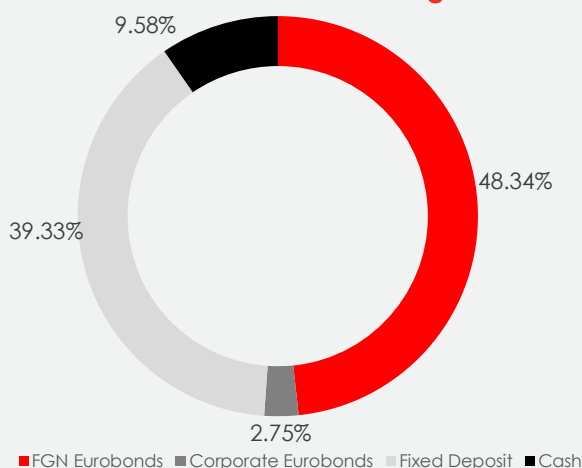
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	100.7Mn
NAV Per Share (\$)	1.1687
Minimum Investment(\$)	50,000
Additional Investment (\$)	1,000
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.00%
Total Expense Ratio*	2.3%
Benchmark	3-yr FGN sovereign Eurobond
Risk Profile	Medium
Investment Style	Income Oriented

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

MATURITY PROFILE OF ASSETS

<1yr	51.86%
1-3yr	3.02%
3-5yr	14.68%
5-10yr	18.58%
>10yr	11.86%

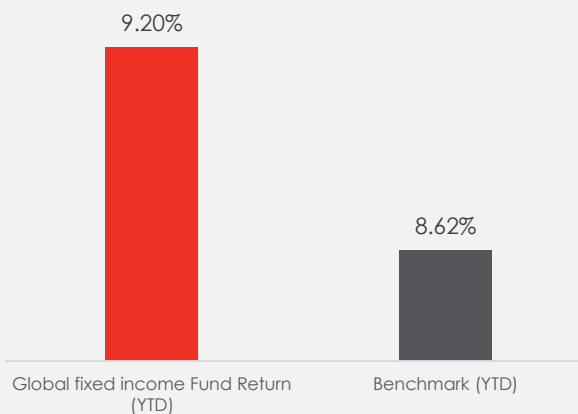
Current Portfolio Holdings



Governance Asset Allocation Ranges:

Nigerian Eurobonds- FGN Sovereign and Corporates (50%-70%); Money Market Instruments (30% - 50%) Global Fixed Income securities(0%-20%), Alternative Investment Assets denominated in USD (0%-20%)

Global Fixed Income Fund Return Vs Benchmark (Annualized)



RETURN HISTORY

	Q1	Q2	Q3	Q4	FY 2023	2024 YTD
UCAP Global Fixed Income Fund	6.17%	11.29%	7.93%	9.10%	8.64%	9.20%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	8.62%

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

PERFORMANCE REVIEW

The United Capital Global Fixed Income Fund returned a year-to-date annualized return of 9.20%, compared to 9.04% in the previous month. Conversely, benchmark return increased to 8.62% from previous month's 8.53%.

The global fixed income market in December experienced a mixed sentiment as central banks tried combating inflation while supporting economic growth. In developed markets, bond yields showed modest declines, reflecting expectations of potential rate cuts in 2025 as inflation pressures eased. The U.S. Federal Reserve maintained a data-dependent stance, cutting rate by 25bps strengthen the labour market. In Europe, bond yields were mixed as the European Central Bank signaled a cautious approach to monetary policy, citing uneven economic recovery across the region. Emerging market debt benefited from improved risk sentiment, with many countries leveraging the weaker U.S. dollar to attract foreign capital inflows.

Looking ahead, We expect the market to remain influenced by central bank decisions, with focus on inflation trends and labor market conditions. We anticipate favourable yield environment and improved sentiment in the SSA region to lead to a moderate capital inflows and marginal yield decline in the region.

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 fund return.

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WHY CHOOSE THE FUND?

- Delivers significantly higher returns than regular domiciliary bank deposits
- 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 "Global fixed income Fund"
3. Click on "Open an account" and complete the online form
4. Fund the Custody Account detailed here:

UNITED CAPITAL GLOBAL FIXED INCOME FUND

Account Name: EAC Trustees/ United Capital Global Fixed Income Fund

Account No: 0045814566

Currency: USD

Bank: STANBIC IBTC

Correspondence : Citibank N.A 111 Wall Street, New York N/A

Swift Code : CITIUS33XXX ABA 021000089



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