

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | February 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 February 2024, bullish sentiments outweighed bearish sentiments in the Nigerian Eurobond markets. We note that the bearish sentiments were underpinned by lingering FX volatility and debt sustainability issues, particularly following the unprecedented primary market activities by the CBN and DMO. The bullish sentiments on the other hand were underpinned by the posture across key central banks in advanced economies.

Further indications of easing inflationary pressures in the US continued to underpin hopes of rate cuts in H2-2024. Also, the weak economic data from the UK spurred hopes that the Bank of England will tilt sooner than expected toward rate cuts. Hence, bullish sentiments outweighed the bearish sentiments, as investors began shopping for higher Dollar returns within the SSA region. On a month-on-month basis, average yields in the secondary market for Nigerian Eurobonds declined by 18bps to 9.96% (previously 10.14%).

In March, we anticipate 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 trend downwards largely due to the high base effect. This in turn will incentivise monetary easing and higher bond prices. However, 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 in developed economies. However, this comes with a high-risk premium given the dim security outlook for West Africa, Nigeria's economic headwinds including its unabating inflation, Dollar shortage, and weak macroeconomic fundamentals.

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

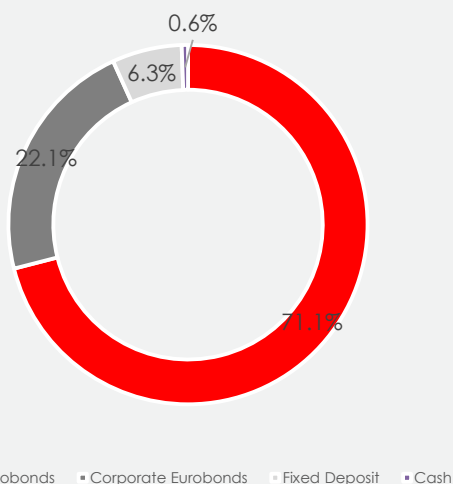
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	147.51m
NAV Per Share (\$)	124.41
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	Composite 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

MATURITY PROFILE OF ASSETS

<1yr	8.5%
1-3yr	15.3%
3-5yr	2.2%
5-10yr	23.4%
>10yr	50.7%

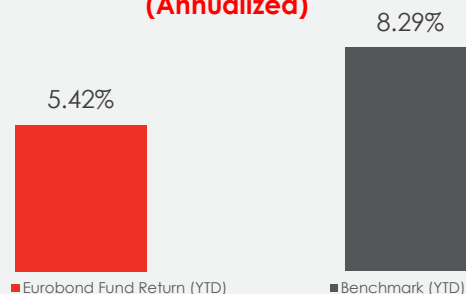
Current Portfolio Holdings



Governance Asset Allocation Ranges:

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

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%	5.42%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	8.29%

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

PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund returned 0.42% for the month of February 2024. The annualized Year-to-Date return of the fund is 5.42%, lower than current benchmark return of 8.29% which was driven by recent yield uptick in the Nigerian Eurobond market.

In February 2024, average yield declined from 10.14% to 9.96%, driven by improved investors sentiment on the back of increased interest in the SSA region, in anticipation of rate cut in the developed economies.

Further indications pointing to reduction in inflationary pressures in the US have continued to support expectations of potential interest rate cuts later in the year. Also, the weak economic data from the UK fostered optimism that the Bank of England may shift towards rate cuts sooner than initially anticipated. These has led to improved sentiments in SSA region as investors began shopping for higher Dollar returns.

We anticipate the broad-based positive sentiment towards SSA Eurobonds to continue to play a key role in the performance of Nigerian Eurobonds. In view of this, we will strategically position the fund to take advantage of rising Eurobond prices in the market.

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.

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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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