

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | February 2025

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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

The Nigerian Eurobonds market witnessed bullish sentiment in Jan-2025. There was strong buy-interest across the curve, particularly on the shorter-tenured instruments (2-yr to 7-yr Eurobonds), with yields falling by 32 – 62bps. The Nov-2027 Eurobond saw the most significant buy-interest as its yield fell 62bps m/m to 7.54%. This suggests that investors are optimistic about Nigeria's long-term outlook and expect lower interest rates. However, investors still have concerns about near-term inflation (24.80%). The \$151.81mn in inflows from coupon payments also spurred broad-based buy interest. Overall, the average yields on the Eurobonds in the secondary market fell for the 2nd time in 4 months, by 36bps m/m to 8.95% (previously, 9.32%).

Looking ahead, exogenous factors will continue to be crucial to the Nigerian Eurobond market. The outlook is clouded by geopolitical and international trade tensions. However, given our expectation for stability in Nigeria's economic and political environments in 2025, our view is that the country is well equipped to navigate the geopolitical risks. Additionally, we expect the increased inflows of \$197.50mn in coupon payments to sustain the buy-interest in the market.

FUND FEATURES

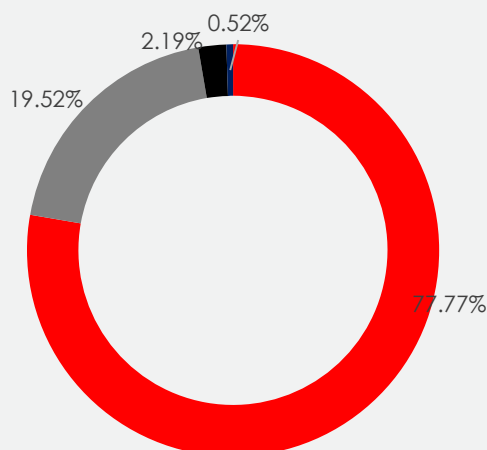
| Fund Manager | United Capital Asset Management Ltd |
|----------------------------|---|
| Base Currency/Start Year | USD/2017 |
| Fund Size (\$) | 116.2m |
| NAV Per Share (\$) | 126.0453 |
| Minimum Investment(\$) | 1,000 |
| Additional Investment (\$) | 500 |
| Structure | Open Ended |
| Minimum Holding Period | 180 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

MATURITY PROFILE OF ASSETS

| | |
|--------|--------|
| <1yr | 4.76% |
| 1-3yr | 11.78% |
| 3-5yr | 1.80% |
| 5-10yr | 17% |
| >10yr | 63.35% |

Current Portfolio Holdings

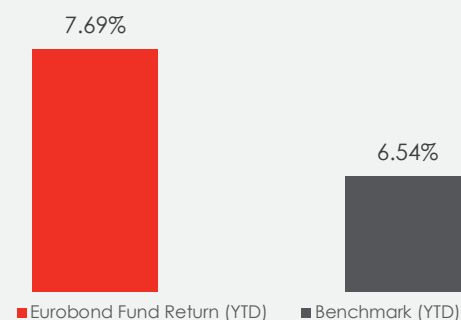


■ FGN Eurobonds ■ Corporate Eurobonds ■ Fixed Deposit ■ Cash

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 | 2025 YTD |
|-----------------------------|-------|-------|-------|-------|-------|-------|----------|
| UCAP Nigerian Eurobond Fund | 8.00% | 7.10% | 6.84% | 5.73% | 5.52% | 5.71% | 7.69% |
| Benchmark | 3.95% | 2.17% | 4.04% | 8.91% | 7.46% | 7.30% | 6.54% |

*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 7.69%, compared to the benchmark return of 6.54%.

The Nigerian Eurobond space witnessed a missed reaction throughout the month. Earlier in the month, yields rose moderately before nosediving at the end of the month, as buy interest rose across the yield curve. Investors' appetite for higher-yielding assets and liquid instruments led to improved activity which helped improve the pricing on some of the Eurobonds the fund currently holds.

The Nov-2027 Eurobond attracted the strongest buy-side interest, with its yield declining by 62bps to 7.54%.

Looking ahead, external factors will remain key drivers of the Nigerian Eurobond market, with geopolitical and international trade tensions adding uncertainty to the outlook. However, given our expectation of stability in Nigeria's economic and political landscape in 2025, we believe the country is well positioned to navigate these risks.

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.

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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