

United Capital Global Fixed Income Fund

Mutual Funds Factsheet | June 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 \$1000 thereafter.

MARKET REVIEW, OUTLOOK AND STRATEGY

The world's largest bond market started June on a positive note as signs of a cooling labour market reinforced speculation that the US Federal Reserve (US Fed) will be able to cut interest rates this year. The JOLTS report showed that US job openings in May hit their lowest levels since 2021. This saw US treasury yields fall by 30bps over 4 days. However, as the month progressed, the market was hit hard by labour market data. Nonfarm payrolls rose 272,000, beating estimates, and wages accelerated. Also, the US unemployment rate rose to 4.0%. On the one hand, the jobs report calms worries the US is moving toward an economic cliff. On the other hand, it pushes back bets on Fed easing.

In Europe, anxiety has gripped European bond markets due to deepening concern over a potential political crisis in France. This drove French stocks down and spurred a flight to safe-haven assets such as bonds, gold and the US Dollar. French Bonds are at the heart of the rout. Investors are concerns about sky-high sovereign debt levels and bloated budgets, and the political developments in Europe. Nonetheless, some European Central Bank (ECB) officials have stated that they see no cause for alarm in the market turbulence that has engulfed France.

For H2-2024, we foresee a positive global fixed-income landscape. This is mostly due to the deliberate action of Central Banks, gradual cooling of inflation in developing and emerging markets, and the high yields available on a range of asset classes. Global fixed income investors stand to realize attractive total returns if yields decline in H2-2024, making the case for reallocation to fixed-income assets. However, we recommend maintaining portfolio diversity and sector diversification. Opportunities lie in emerging market debt due to their improving credit quality. Key risks to this outlook include the weakening global growth, sticky inflation, diverging monetary policy around the world, and increasing political uncertainty. On Central Banks, a September interest rate cut by the US Fed seems less likely given the resilience of the labour market. Currently, expecting two rate cuts, in the November and December meetings. The US Fed is likely to be patient and remain data-dependent over H2-2024 to ensure that inflation is moving steadily towards its sustainable 2.0% target. More focus will be on the new summary of Economic Projections.

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

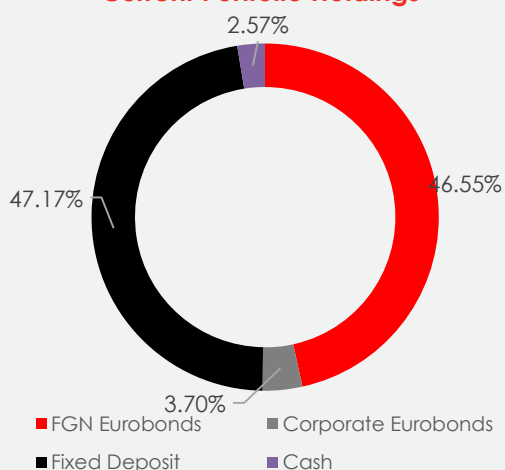
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	40.115Mn
NAV Per Share (\$)	1.1135
Minimum Investment(\$)	50,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.00%
Total Expense Ratio*	2.25%
Benchmark	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	46.20%
1-3yr	11.00%
3-5yr	18.72%
5-10yr	13.39%
>10yr	10.69%

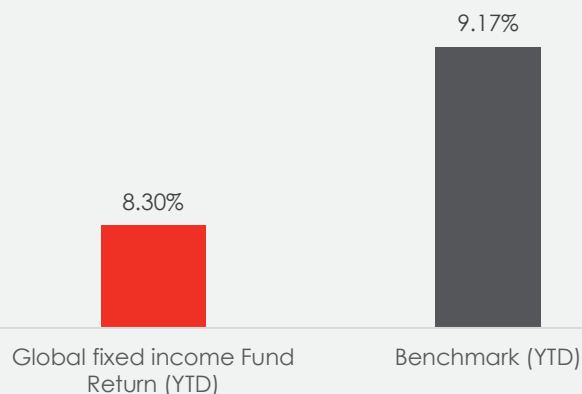
Current Portfolio Holdings



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%	8.30%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	9.17%

*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 8.30%, compared to 8.06% in the previous month. Likewise, benchmark return rose from the previous month's 8.86% to 9.17%, on the back of moderating interest in the Nigerian Eurobond market in June.

At the end of the month, the US bond market rose after the latest batch of economic reforms reinforced speculation the Federal Reserve might be able to cut interest rates this year to prevent a bigger US slowdown. Bullish sentiment swept US Treasuries as a series of economic data illustrated a downward shift in economic growth due to the US Fed's higher-for-longer policy stance. Economic releases show declines in orders and shipments of business equipment, weakness in the job market and a slide in homebuying. The ECB announced a cut in its main interest rate by 25bps to 3.75% from its all-time high 4.0%. ECB President Christine Lagarde cited a marked improvement in the Bank's inflation outlook.

Looking ahead, we expect to see positive interest in the global fixed income market on the back of central bank actions, cooling global inflation, and current high yield on global fixed income instruments.

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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