

United Capital Global Fixed Income Fund

Mutual Funds Factsheet | March 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 month of March was marked with several actions by the global Central Banks. As expected, the US Federal Open Market Committee (FOMC) voted to leave the Fed Funds Rate unchanged at 5.25-5.50% range, holding the rate for a 5th consecutive meeting. This decision was based on the current inflation rate in the country, the US job market report for the month, as well as economic expectations in the coming months. Meanwhile, the updated Summary of Economic Projections (SEP) show that the Fed anticipates few rate cuts in 2024. However, the market currently expects 75 basis point (bps) of Fed rate cuts in 2024. On the other hand, the European Central Banks (ECB) had a dovish tone with the ECB signaling June as the most probable start of monetary easing. Consequently, money markets have priced in 92bps cuts in 2024. Nevertheless, with mixed results across the region, economic growth remains subdued. The ECB's latest round of staff projections came with downward revisions to growth and inflation as expected. For 2024, ECB staff now project inflation to print at 2.0% in 2024, 2.0% in 2025 and 1.9% in 2026. The single outlier was the Bank of Japan (BoJ) which ended decades of aggressive monetary easing, restoring the uncollateralized overnight call rate as a primary policy tool, and setting it in a 0.0% - 0.1% range. This decision was supported by the country's most recent core inflation rate which rose to a four-month high of 2.8% in Feb from 2.2%.

The US 10-year yield was up by 6bps to 4.317%. The Eurozone yields have tracked US Treasuries, as Germany's 10-year bond yield (the benchmark for the Eurozone) has risen to 2.397%. This indicates its highest level since Mar-2021. However, on a month-on-month basis, bond yield has fallen by 10bps. In Japan, 10-year bond yields have risen by 3bps m/m to 0.743%. Consequently, real returns have fallen. The country's CPI in February is 2.8% y/y.

We believe it is unlikely to see interest rate hikes by global central banks. Therefore, we expect market expectation to be tilted towards rate cuts, and fixed income prices would reflect this expectation as fund managers build diversified portfolios which will help them in positioning for eventual rate declines, using an active management strategy. However, economic data releases will drive global market sentiment.

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

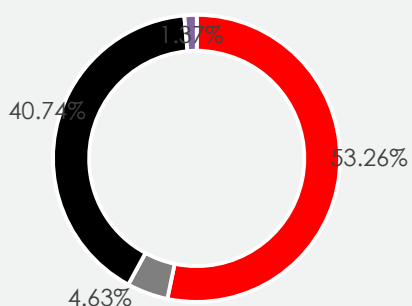
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	31.41Mn
NAV Per Share (\$)	1.1060
Minimum Investment(\$)	50,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.00%
Total Expense Ratio*	2.25%
Benchmark	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	35.72%
1-3yr	12.53%
3-5yr	4.08%
5-10yr	36.40%
>10yr	11.27%

Current Portfolio Holdings

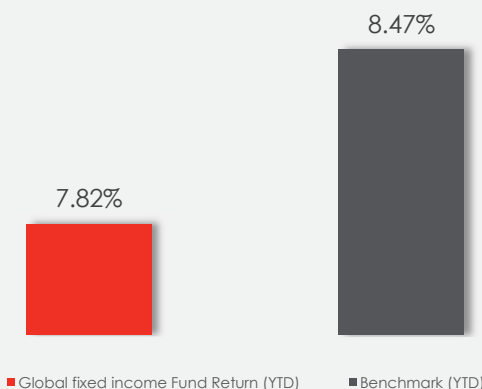


• FGN Eurobonds • Corporate Eurobonds • Fixed Deposit • Cash

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%	7.82%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	8.47%

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

PERFORMANCE REVIEW

The United Capital Global Fixed Income Fund returned 0.56% for the month of March 2024, compared to 0.53% in the previous month. The annualized year to date return of the fund closed at 7.82, while Benchmark return stood at 8.47% for the same period.

On the back of current inflation rate, job market report, and increased economic activities, the US Fed Funds Rate was left unchanged at 5.25-5.50% range. Meanwhile, the European Central Banks (ECB) had a dovish tone with the ECB signaling June as the most probable start of monetary easing. Consequently, money markets have priced in 92bps cuts in 2024.

Although not completely out of the equation, we believe it is unlikely to see further rate hikes from global Central Banks. Consequently, investors' attention will be tilted to rate cuts. Globally, fund managers (FMs) will build diversified portfolios which will help them in positioning for eventual rate declines, using an active management strategy. However, economic data releases will drive global market sentiment.

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?

- 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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