

# United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | March 2025

## Contact Us:

Philip Ndunaka | +234-703-192-1664 | [philip.ndunaka@unitedcapitalnigeria.com](mailto:philip.ndunaka@unitedcapitalnigeria.com)

Asset Management | +234-1-631-7876 | [mutualfunds@unitedcapitalgroup.com](mailto:mutualfunds@unitedcapitalgroup.com)



## 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 bearish sentiment in Mar-2025, completely reversing the previous month's gains. The Feb-2030 Eurobond saw the most significant sell-pressure as its yield rose 88bps m/m to 9.67%. However, there was strong buy-interest across the curve, particularly in the middle of the curve (the 2029, 2030, 2031, 2032 and 2033 Eurobonds), with yields rising by 73 – 88bps. The market performance reflects the volatility in global markets, driven by tariff concerns, as the US tries to address its significant trade imbalances. Also, global Central Banks have not eased their benchmark interest rates as quickly as earlier anticipated as they 'wait-and-see' the impact of U.S. tariffs on their respective economies. These factors fed global investor's bearish sentiment towards frontier markets. Thus, the \$197.50mn inflows from coupon payments were unable to spur broad-based buy interest. Overall, the average yields on the Eurobonds in the secondary market fell by 69bps m/m to 8.95% (previously, 9.64%).

**Looking ahead, we expect bearish sentiment towards the market to persist in Apr-2025. Exogenous factors will continue to be crucial to the Nigerian Eurobond market. The month is pivotal for global markets as the U.S. unveils its reciprocal tariff framework. We expect some countries to place counter tariffs. Thus, the outlook on the Eurobonds market will be clouded by geopolitical and international trade tensions. Additionally, Eurobond market is set to be illiquid in Q2-2025. We expect no coupon payments in Apr-2025 (vs \$197.50mn in Mar-2025). This will add to bearish sentiment towards the market.**

## FUND FEATURES

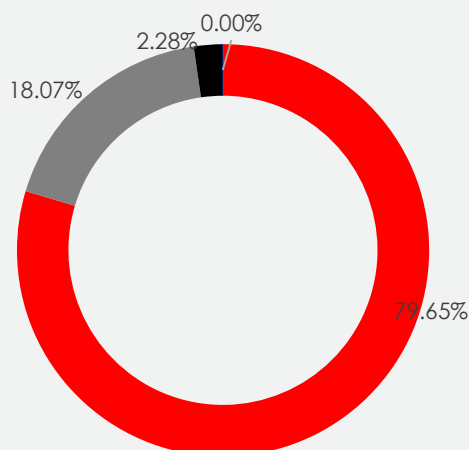
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	112.1m
NAV Per Share (\$)	126.6118
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	1.5%
Total Expense Ratio*	1.35%
Benchmark	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	9.62%
1-3yr	3.74%
3-5yr	2.73%
5-10yr	16.78%
>10yr	67.12%

## Current Portfolio Holdings

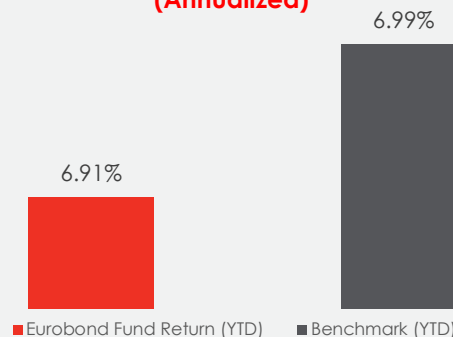


■ FGN Eurobonds ■ Corporate Eurobonds ■ Fixed Deposit ■ Cash

### 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%	6.91%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	7.30%	6.99%

\*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 6.91%, compared to the benchmark return of 6.99%.

Global uncertainties continue to drive high volatility in the global fixed income space, with yields rising sharply than earlier anticipated. The SSA and Nigerian Eurobonds markets are not left out. We saw substantial sell-offs in the Nigerian Eurobond space as tariff war continues and oil prices decline significantly below the country's projection, pulling down investors' sentiment on debt instruments. Also, despite \$197.50mn inflows from coupon payments, traded quantity remain low. Overall, the average yields on the Eurobonds in the secondary market fell by 69bps m/m to 8.95% (previously, 9.64%).

Looking ahead, external factors will remain key drivers of the Nigerian Eurobond market, with geopolitical and international trade tensions adding uncertainty to the outlook. Nigeria's reliance on oil revenue will also test investors faith in the country's ability to meet its obligation, as oil prices decline amid tariffs. We project that yield will continue to rise in the Nigerian Eurobond space as volatility persist.

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](http://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, NY 10043, U.S.A.

**BIC/SWIFT ID:** FCMBNGLAXXX

**Intermediary BIC :** CITIUS33XXX



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