

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | November 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

The Nigerian Eurobonds market was overwhelmed by conflicting sentiments in Nov-2024, following FG's announcement on plans to revisit the International Capital Markets (ICM) to raise approximately \$2.20bn (with yields over 10.00%) through issuance of Eurobonds and SUKUK financing, to help finance the revenue shortfalls of the 2024 budget. While the issuance was scheduled to provide the required critical funding, it also highlighted the high cost of Nigeria's external borrowing, which made existing Eurobonds in the market less attractive, resulting to mild sell offs. Ultimately, the market experienced more bearish sentiment compared to bullish, despite the inflow of \$148.57mn in coupon payments. Also, other factors that drove bearish sentiments in the Eurobonds market (excl. ongoing concerns over the country's fiscal health and overall debt sustainability) include, the broad-based bearish mood across emerging markets, particularly sponsored by geopolitical concerns. Overall, the average yields on the Eurobonds at secondary market level ticked higher by 3bps m/m to 9.66% (previously, 9.63%).

Looking ahead, we expect mixed sentiment in the Eurobond market in Dec-2024. In the absence of coupon inflows, we expect other factors like the recent "cease fire" in the Middle East as well as the recently observed positive sentiment among foreign investors, toward the recent reforms of the Federal Government, to play a strong role in encouraging buy-interests in Nigeria's Eurobonds market. Meanwhile, the lingering concerns about the country's fiscal health as well as the elevated cost of borrowing at the ICM will look to keep yields of existing Eurobonds elevated around current levels, with yields on primary market Eurobond issuances forming a threshold for secondary market yields.

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

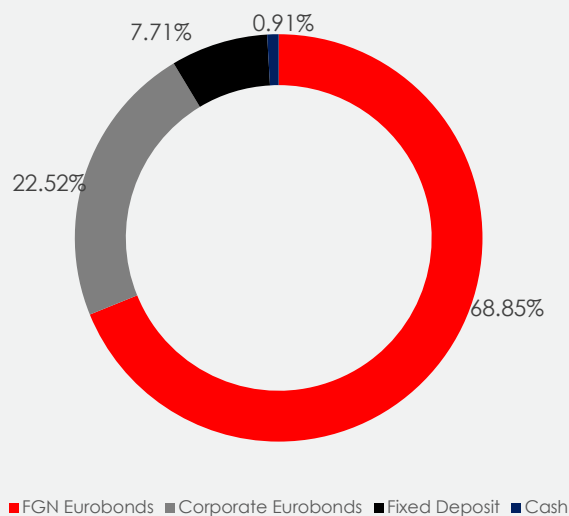
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	133.0m
NAV Per Share (\$)	122.6585
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.5%
Benchmark	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	15.05%
1-3yr	10.39%
3-5yr	1.53%
5-10yr	15.37%
>10yr	57.66%

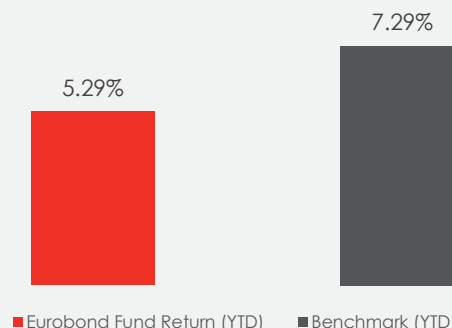
Current Portfolio Holdings



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%	5.29%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	7.29%

*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 5.29%, compared to 5.32% in the previous month. The benchmark return decline to 7.29% (7.53% in the previous month).

The Nigerian Eurobond spaced experienced mixed sentiment during the month. Earlier in the month, we saw sell offs in the Eurobond space, with yield rising across the curve before declining moderately at the end of the month. In addition to ongoing concerns about the country's fiscal health and debt sustainability, another driver of bearish sentiment in the Eurobond market was the broader downturn across emerging markets, largely fueled by geopolitical tensions. Consequently, average yields on Eurobonds in the secondary market edged up by 3 basis points month-on-month (m/m), reaching 9.66% from the previous 9.63%.

In December, we expect increased interest in SSA Eurobonds, on the back of declining yields in more developed markets. We expect this to pull yields lower in the Nigerian Eurobonds market, as buy interest prop prices across the curve.

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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