

United Capital Global Fixed Income Fund

Mutual Funds Factsheet | October 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 \$1,000 thereafter.

MARKET REVIEW, OUTLOOK AND STRATEGY

In October, US Treasury yields rose 50 – 60bps on the short end of the curve. The yield on the 2-yr bond rose by 54bps to 4.20%, 5-yr by 60bps to 4.21%, 10-yr by 50bps to 4.38% and the 30-yr by 36 bps to 4.57%. Meanwhile, there was minimal uptick on the long end of the curve. The result is that the yield curve is in bear flattening. This points to higher yield expectations in November.

Yields rose due to several catalysts. At the top of investors' minds was the US budget deficit, particularly leading up to the Presidential election. Total deficit sits at 6.00% of GDP and the Congressional Budget Office (CBO) expects the budget deficit to continue over the next decade, regardless of the outcome of the election. As such, domestic and foreign investors are demanding higher risk premium to hold US government debt.

The month also saw the Global emerging market index's returns fall 1.28% in October. This was due to the strengthening of the US Dollar index over the period, which was up 3.3% in October. Nonetheless, it performed better than the Global aggregate (unhedged) index which saw returns fall by 3.08% in October. The emerging market index still closed up by 6.79% YTD, performing better than its US peers.

In the US, equity valuations are high relative to their historical averages. This could shift focus from treasuries to equity investments. However, the softening of the economy and some disappointing corporate earnings could trigger a correction in equities. Fixed income investors will be monitoring the upcoming auctions to gauge market sentiment. The US Treasury announced plans to borrow \$546.00bn in Q4-2024, \$19.00bn less than its Jul-2024 guidance. The US Treasury has noted that it has no plans to increase the auction sizes in the coming quarters. Finally, the outperformance of emerging market debt indexes is subject to key risks, chiefly that inflation fails to moderate as expected and that policymakers are unsuccessful in juggling the fight against inflation with supporting economic growth.

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

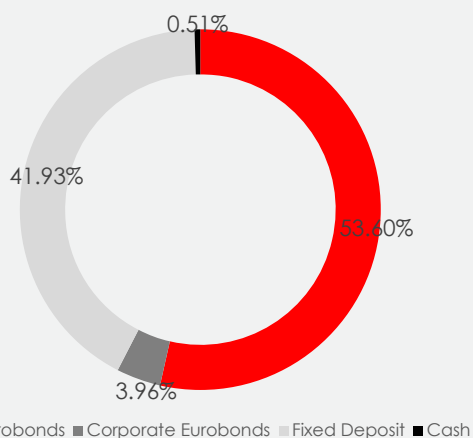
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	69.6Mn
NAV Per Share (\$)	1.1504
Minimum Investment(\$)	50,000
Additional Investment (\$)	1,000
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.00%
Total Expense Ratio*	2.3%
Benchmark	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	42.44%
1-3yr	6.49%
3-5yr	18.80%
5-10yr	18.86%
>10yr	13.40%

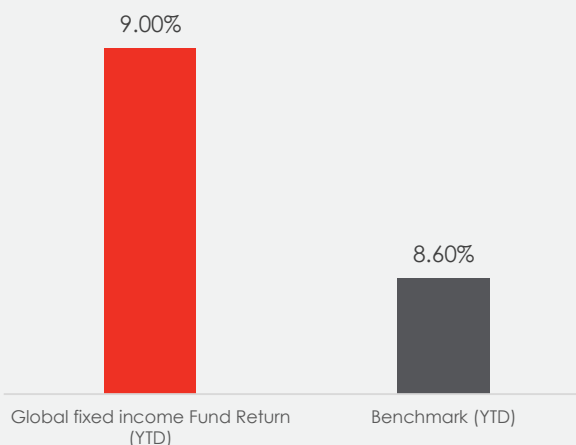
Current Portfolio Holdings



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%	9.00%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	8.60%

*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 9.00%, compared to 8.89% in the previous month. Conversely, benchmark return declined to 8.60% from previous month's 8.82%.

There was a modest increase in US CPI inflation for September as it came in at 2.4% y/y slightly higher than the 2.3% estimate but lower than 2.5% print recorded in August. In the Eurozone, the ECB cut rates by 25bps at its October meeting, for the second time in a row as the most recent estimate for inflation of 1.7% y/y in September was below the ECB's medium-term target of 2%. This brings the deposit rate down to 3.25%.

Looking ahead, we anticipate further rate cut from the US FED and other key Central banks which is expected to translate to increased interest in the SSA Eurobonds as well as other relatively riskier instruments with higher yield. We expect the market to continue pricing in the anticipated rate cut, leading to further decline in yields across the markets.

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



Diversify your investments with our Mutual Funds today.

Balanced Fund Equity Fund Fixed Income Fund Money Market Fund

Nigerian Eurobond Fund Sukuk Fund Wealth for Women Fund

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