

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | September 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 closed the month of September 2024 on a bullish note, despite pockets of sell pressures at the start of the month. Investors began cherry-picking activities among the Dollar-denominated bonds following the dovish monetary policy stance across global central banks. For context, the US Fed cut its benchmark interest rate by 50bps. As a result, we observed capital flights to emerging markets offering higher returns on their Dollar assets, given the country's risk. Notably, Nigeria's Eurobonds were among the best-performing in the SSA Eurobonds markets.

Additionally, coupon inflows worth \$197.5mn sparked further buy interests during the month as investors looked to reinvest their funds in the market. Consequently, the average yield on Nigerian Eurobonds declined by 12bps to print at 9.60% (previously, 9.72%).

Nigeria's first-ever foreign-currency domestic bond secured a total of \$900.0mn in subscriptions. This marks an oversubscription rate of 180.0% compared to the offer size of \$500.0mn. The Minister of Finance and Coordinating Minister of the Economy, Wale Edun, noted that the oversubscription reflects investor confidence in Nigeria's economic stability and potential for growth.

Looking ahead, we expect the bullish sentiments in the Nigerian Eurobonds market to linger in October. This is on the back of expectations of sustained monetary policy easing across global central banks. This will continue to drive investors' attention to the SSA Eurobonds market as they seek higher dollar returns. Nevertheless, we might see pockets of bearish trend in the market as the nation's fiscal sustainability and FX volatility remain potential concerns to the Nigerian Eurobonds market.

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

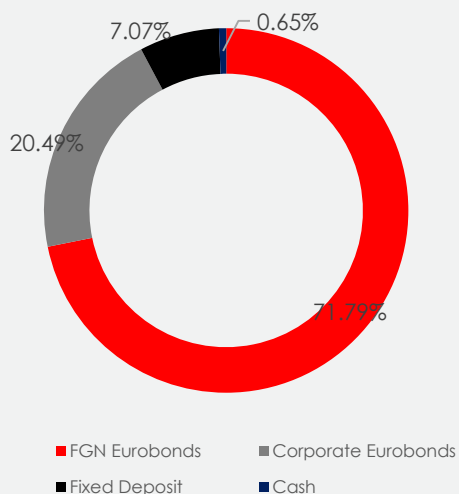
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	146.606.m
NAV Per Share (\$)	122.58
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.5%
Benchmark	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	7.72%
1-3yr	15.14%
3-5yr	3.67%
5-10yr	21.63%
>10yr	51.85%

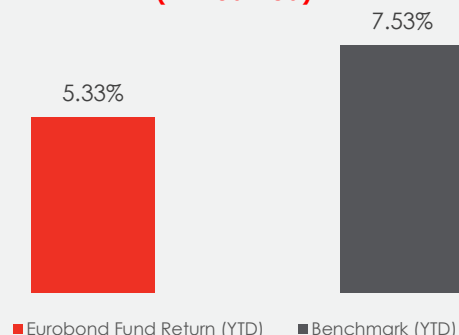
Current Portfolio Holdings



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%	5.33%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	7.53%

*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 5.33%, compared to 5.32% in the previous month. The benchmark return decline to 7.53% (7.82% in the previous month).

Both the U.S. Federal Reserve (FED) and the European Central Bank (ECB) recently cut interest rates in response to signs of moderating inflation and weakening labor markets. The FED lowered its federal funds rate by 50 basis points, from 5.25%–5.50% to 4.75%–5.00%, while the ECB reduced its deposit facility rate by 25 basis points, from 3.75% to 3.50%, as expected, following sustained slowdowns in inflation across the Eurozone. These cuts contributed to a global decline in fixed income yields toward the end of the month, translating to decline in average yield in the Nigerian Eurobond space.

In October, 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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