

United Capital Global Fixed Income Fund

Mutual Funds Factsheet | August 2024

Contact Us:
Emmanuel Akehomen | +234-703-180-3064 | emmanuel.akehomen@unitedcapital.com
Asset Management | +234-1-631-7876 | assetmanagement@unitedcapital.com

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

In August, the global fixed income market was met with cautious trading sessions, amid the dovish monetary policy expectations across major central banks in key advanced economies. Notably, very important economic data such as jobs and unemployment report(s) renewed recession woes in the US, fueling fears of a broader economic slowdown. According to the Labor Department, Nonfarm payrolls grew by just 114,000 in July 2024, down from the downwardly revised 179,000 in June and below the Dow Jones estimate for 185,000. Average hourly earnings, a closely watched inflation barometer, increased 0.2% m/m in July and 3.6% y/y. Both figures were below respective forecasts of 0.3% m/m and 3.7% y/y. In the same vein, the US unemployment rate edged higher to 4.3% (in July 2024), its highest since October 2021.

Following the renewed recession fears, markets began pricing in a 100% chance of a rate cut in September, with the only uncertainty being whether the Fed will take the incremental step of lowering benchmark rates by a quarter percentage point (25bps) or being more aggressive and moving a half-point lower (50bps). Interestingly, toward the end of August 2024, the Bureau of Labour Statistics disclosed that US annual inflation rate slowed for a fourth consecutive month to 2.9% y/y in Jul-2024, the lowest since Mar-2021, compared to 3.0% recorded in Jun-2024. Subsequently, the Fed's most important gauge for inflation, the headline personal consumption expenditure (PCE) price index report was released, revealing that the US PCE remained at 2.5% y/y (Fed target is 2.0%) in July 2024, signaling the re-establishment of price stability in the United States. Following the release of the PCE report, market pricing tilted a bit more towards a quarter-point, or 25bps, reduction, lowering the probability from a 50bps move to 30.5%. Lastly, Jerome Powell's speech at the Jackson Hole Symposium affirmed the Fed's monetary policy stance for a downward adjustment of the Fed fund rate in subsequent meeting, with the magnitude of rate cut to be determined by economic data.

Considering the prevailing dovish posture on monetary policy tightening across major central banks, expectations of rate cuts by the Fed in H2-2024, and indications of cooling inflationary pressures, we expect bullish sentiments in the global fixed income market to persist, with SSA fixed income market standing in the spotlight for high yield shoppers.

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

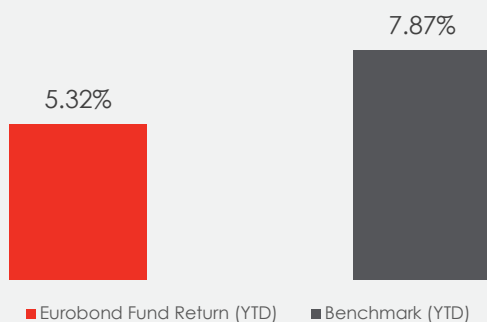
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	59.94Mn
NAV Per Share (\$)	1.1318
Minimum Investment(\$)	50,000
Additional Investment (\$)	1,000
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.00%
Total Expense Ratio*	2.3%
Benchmark	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	42.23%
1-3yr	7.44%
3-5yr	22.32%
5-10yr	16.25%
>10yr	11.77%

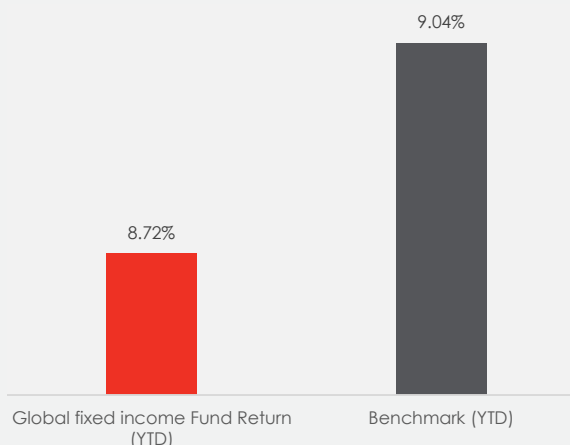
Eurobond Fund Return Vs Benchmark (Annualized)



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%	8.72%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	9.04%

*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 8.72%, compared to 8.57% in the previous month. Conversely, benchmark return declined to 9.04% from previous month's 9.17%.

At the end of the month, the US fixed income market witnessed significant buy interest, on the back of anticipated US FED rate cut, leading to yield moderation across the curve. Markets now anticipate the Federal Reserve will make its first rate cut at the September meeting, with a strong likelihood of additional cuts in the subsequent meetings, totaling three reductions by January of next year. The Bloomberg US Treasury Index and the Bloomberg GlobalAgg Index Yield both saw a downward trend in August 2024, with the Bloomberg US Treasuries Index Yield falling by 22bps (from 4.18% at the close of July 2024 to 3.96%) and the Global Agg Index Yield by 14bps (from 3.62% at the close of July 2024 to 3.48%).

Going into the new month, we expect the current downward pressure on yields to linger further till end of the year, as investors continue to take position. Hence, we expect to see increased activity level in the SSA Eurobond market.

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.

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.

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