

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | December 2023

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FUND OBJECTIVE

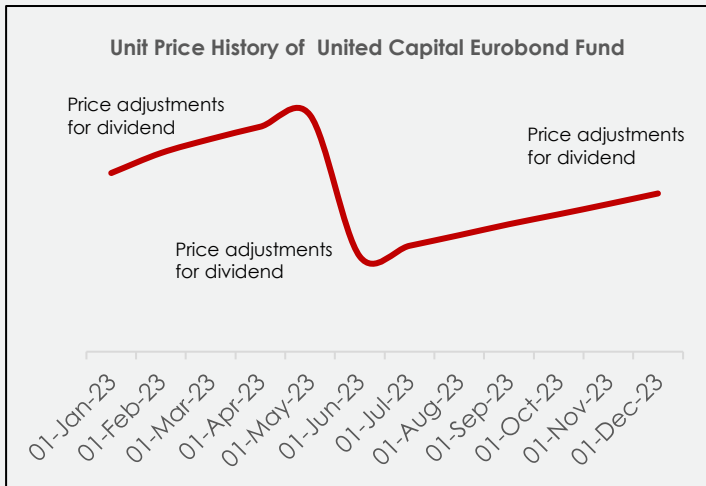
The United Capital Nigerian Eurobond Fund is an open-ended mutual fund that is invested in Dollar denominated Eurobonds, floated by the Federal Government of Nigeria, as well as top-tier corporates. Subscribers can expect to receive competitive short to medium term capital appreciation on their USD holdings 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

In December 2023, the Nigerian Eurobond markets witnessed bullish sentiments from investors. The myriad of indicators that interest rates have peaked in the United States and Europe continued to spur bullish sentiments across SSA and Emerging markets Eurobonds. The implied end of the current rate hike cycle has improved sentiments towards fixed income instruments in advanced economies and in tandem improved the attractiveness of emerging market papers as spreads and risks adjust downwards.

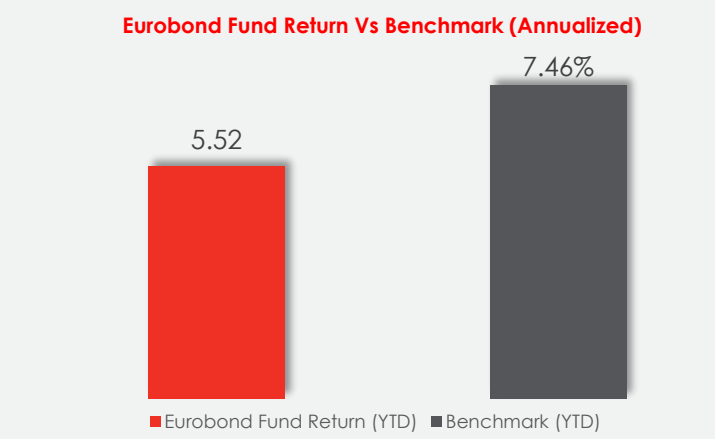
Thus, in the month we observed buys in Nigerian papers in line with the larger interest towards Sub Sahara African Eurobonds. Consequently, average yields in the secondary market for Eurobonds declined by a significant 95bps m/m to print at 9.62% at the close of the month (previously 10.57%).

In January 2024, we expect the bull run to continue as yields adjust lower in advanced economies, making SSA Eurobonds more attractive to investors. The positives (mid-long term potentials) from the recent policies of the Tinubu-Led administration, is poised to continue to improve the visibility of the country on the map of foreign investors, as the positives look to counter legacy inhibitions. Notwithstanding, the perennial debt sustainability and foreign exchange volatility concerns will continue to pose potential downside risk. However, with global debt becoming cheaper (most likely in H2-2024), SSA countries like Nigeria will most likely opt for Eurobond issuances, particularly for budget financing, or to improve domestic FX liquidity, which inadvertently is expected to improve the value of country's currency and future prospects.



MATURITY PROFILE OF ASSETS

<1yr	0.2%
1-3yr	25.0%
3-5yr	1.0%
5-10yr	10.8%
>10yr	63.0%



FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	146.76m
NAV Per Share (\$)	124.33
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	Composite of 3-yr FGN sovereign Eurobond and 3mth US T-Bill
Risk Profile	Medium
Investment Style	Income Oriented

RETURN HISTORY

	2019	2020	2021	2022	2023
United Capital Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	5.52%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%

**Represents the Fund's Annualized Return vs the Benchmark's Annualized Return*

* Inclusive of management fee; Returns are net of all fees

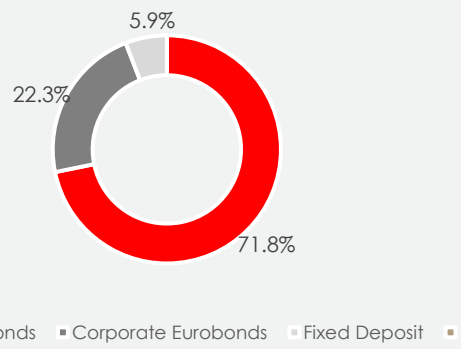
PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund returned 0.42% for the month of December. However, the full year return of the fund is 5.52%, lower than the benchmark annualized return of 7.46% within the same period.

In December 2023, the Eurobond markets saw mixed sentiments from investors. The myriad of indicators that interest rates may have peaked in the United States and Europe spurred bullish sentiments across SSA and Emerging markets Eurobonds.

With global debt becoming cheaper (most likely in H2-2024), SSA countries like Nigeria will most likely opt for Eurobond issuances, particularly for budget financing, or to improve domestic FX liquidity, which inadvertently is expected to improve the value of country's currency and future prospects. In view of this, we would invest in shorter tenor bonds to take advantage of the new issuances and market movement.

Current Portfolio Holdings



Governance Asset Allocation Ranges:
 FGN Eurobonds (20%-80%); Corporate Eurobonds (20%-80%); Money Market placements (0% - 20%)

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?

- 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, NY 10043, U.S.A.

BIC/SWIFT ID:FCMBNGLAXXX

Intermediary BIC : CITIUS33XXX



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