

# United Capital Global Fixed Income Fund

Mutual Funds Factsheet | January 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 \$1000 thereafter.

## MARKET REVIEW, OUTLOOK AND STRATEGY

The pivotal development in the month was the decision by the US Federal Reserve's Federal Open Market Committee (FOMC) to leave its benchmark interest rate unchanged for the 4th consecutive meeting at 5.50%. taking further steps to signal the end of the tightening cycle. However, the comments from Chair Jerome Powell at the press conference sought to temper market expectations for rate cuts to begin in Mar-2024.

Emerging markets (EMs) debt market maintained elevated rates in a bid to adapt to tighter financial conditions brought about by the persistent hawkish tone across major central banks in advanced economies. Some of these realities include persistent inflationary pressure and currency devaluation amid a stronger US dollar. As a result, we saw a positive correlation between monetary policy decisions across central banks in advanced and emerging markets economies. The high interest rate regime broadly improved EM's debt total return potential, as they began offering attractive returns in the double-digit terrain. Hence, with the expected US Federal Reserve monetary easing and a resulting US Dollar decline over the medium-term, EM's debt is expected to remain attractive.

**We expect currency stability and a pivot to dovish monetary policy in developed economies, given that inflation is trending downwards. The US Federal Reserve has released several indicators that its benchmark interest rate is currently at restrictive levels. Other central banks in Europe essentially share similar sentiments. Hence, we foresee a likely shift in focus from controlling inflation to enabling economic growth. We expect falling inflation and economic growth concerns to emerge as the two main dynamics for rate cuts over the coming months. On investment strategy, we expect fixed income investors to begin seeking higher yields, and portfolio diversification. Global fixed-income investors will be looking to position their portfolios for the future market environment. Ultimately, investors will take selective risk towards investment-grade bonds and emerging markets.**

*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**

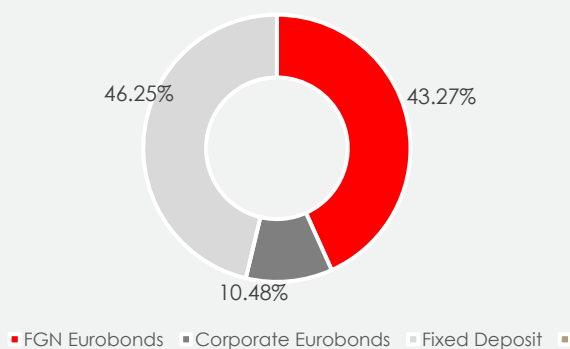
<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	USD/2023
<b>Fund Size (\$)</b>	23.2Mn
<b>NAV Per Share (\$)</b>	1.0940
<b>Minimum Investment(\$)</b>	50,000
<b>Additional Investment (\$)</b>	500
<b>Structure</b>	Open Ended
<b>Minimum Holding Period</b>	180 days
<b>Management Fee</b>	2.0%
<b>Total Expense Ratio*</b>	2.3%
<b>Benchmark</b>	3-yr FGN sovereign Eurobond
<b>Risk Profile</b>	Medium
<b>Investment Style</b>	Income Oriented

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

**MATURITY PROFILE OF ASSETS**

<1yr	19.3%
1-3yr	22.7%
3-5yr	3.00%
5-10yr	25.0%
>10yr	30.0%

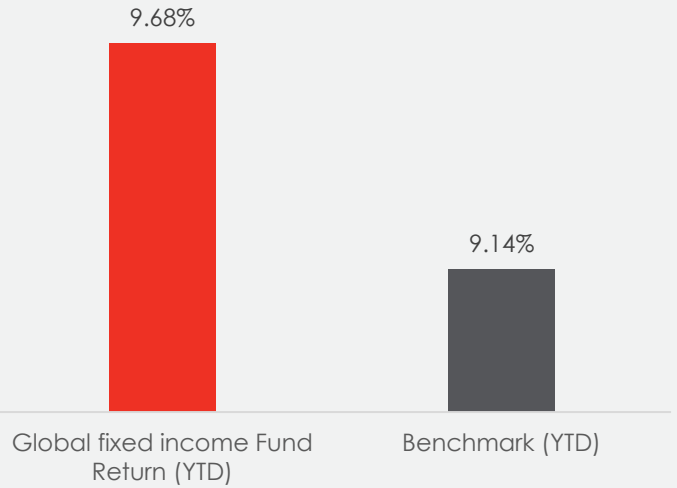
**Current Portfolio Holdings**



**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
United Capital Global Fixed Income Fund	6.17%	11.29%	7.93%	9.10%	8.64%	9.68%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	9.14%

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

**PERFORMANCE REVIEW**

The United Capital Global fixed income Fund returned 0.84% for the month of January 2024. However, the annualized return of the fund is 9.68%, though lower than the benchmark annualized return of 9.14% for the same period.

Globally, Inflation continues to decline, leading investors to believe that the current cycle of interest rate hikes is at its plateau. As such, we observed renewed buy interest in fixed-income securities in advanced economies, resulting in bargain hunting across emerging market papers.

On investment strategy, we expect fixed income investors to begin seeking higher yields, and portfolio diversification. Global fixed-income investors will be looking to position their portfolios for the future market environment. Ultimately, investors will take selective risk towards investment-grade bonds and emerging 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 performance of the Fund.

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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](http://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



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