

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | January 2024

Contact Us:

Emmanuel Akehomen | +234-703-180-3064 | emmanuel.akehomen@unitedcapitalnigeria.com

Asset Management | +234-1-631-7876 | www.funds@unitedcapitalnigeria.com



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 January 2024, the Nigerian Eurobond markets witnessed bearish sentiments from investors as the yield curve headed northwards. In focus for investors were Nigeria's Foreign Exchange (FX) volatility and debt sustainability concerns, and the security risks on the rise in the West Africa sub region following the withdrawal of Niger Republic, Burkina Faso, and Mali from the ECOWAS regional Bloc.

However, in the last week of the month, buy-interest resumed in a positive response to the decision by the US Federal Reserve to hold its interest rate. Nonetheless, on a month-on-month basis, average yields in the secondary market for Nigerian Eurobonds rose by 52bps to print at 10.14%. (previously 9.62%).

In February, we expect the broad-based positive sentiment towards SSA Eurobonds to play a key role in the performance of Nigerian Eurobonds. Generally, in the SSA sub-region, we expect inflation to trend downwards largely due to the high base effect. This in turn will incentivize monetary easing and higher bond prices. Therefore, foreign investors have an incentive to take advantage of the high yields offered by Nigerian Eurobonds. This prognosis is supported by the general premise that global benchmark interest rates have peaked for this cycle as attention pivots toward interest rate cuts in response to easing inflation in developed economies. However, this comes with a high-risk premium given the dim security outlook for West Africa, Nigeria's unmanaged inflation, her US Dollar shortage, and weak macroeconomic fundamentals.

FUND FEATURES

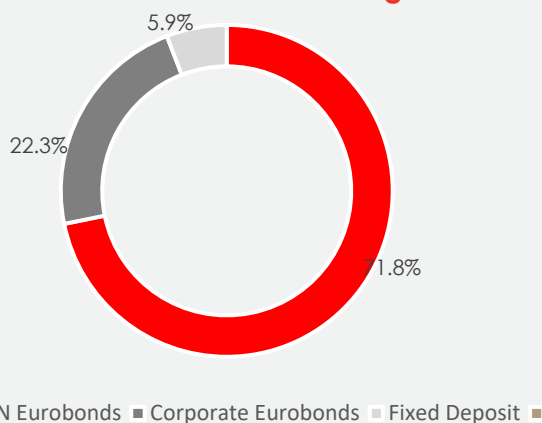
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	144.92m
NAV Per Share (\$)	123.74
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	Composite of 3-yr FGN sovereign Eurobond and 3mth US T-Bill
Risk Profile	Medium
Investment Style	Income Oriented

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

MATURITY PROFILE OF ASSETS

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

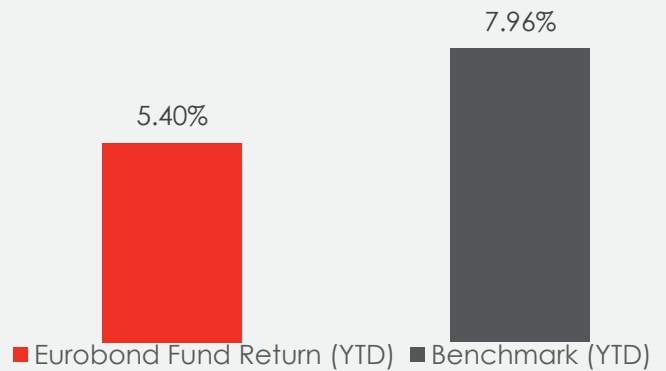
Current Portfolio Holdings



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
United Capital Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	5.52%	5.40%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	7.96%

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

PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund returned 0.47% for the month of January 2024. The annualized return of the fund is 5.40%, lower than the benchmark annualized return of 7.96% within the same period.

In January 2024, the Nigerian Eurobond markets witnessed bearish sentiments from investors as the yield curve headed northwards.

However, in the last week of the month, buy-interest resumed in a positive response to the decision by the US Federal Reserve to hold its interest rate. Nonetheless, on a month-on-month basis, average yields in the secondary market for Nigerian Eurobonds rose by 52bps to print at 10.14%. (previously 9.62%).

With global debt becoming cheaper 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.

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.

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



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](#)