

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | March 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 US Federal Open Market Committee (FOMC) continue to hold the Fed Fund Rate 5.25-5.50% range for the 5th consecutive meeting. Meanwhile, the European Central Banks (ECB) had a dovish tone with the ECB signaling June as the most probable start of monetary easing.

There has been bullish sentiment towards Nigerian Eurobonds, coinciding with bullish sentiment across SSA Eurobonds. This is due to the high yield and long duration offered by these instruments, hence, investors sought to take advantage of higher interest rates to diversify their holdings. Additionally, the improved outlook of the Naira has reduced exchange rate volatility and instability that comes with these Eurobonds. At the close of the month, the Naira appreciated to N1,431.49/\$ on the official window, indicating a N0.61 spread with the parallel market. Also, there was a \$197.5mn coupon payment in the month which increased buy-interest in the Eurobond space. There was particular interest in the Sept-2028 and Mar-2029 Eurobonds whose yields fell by 80bps and 76bps, respectively. Consequently, the average Eurobond yield fell by 52bps to 9.42% (from 9.96% in Feb-2024).

In April, we expect the broad-based positive sentiment towards SSA Eurobonds to continue, with a positive externality on Nigerian Eurobonds. Foreign investors are incentivized to take advantage of the high yields offered by Nigerian Eurobonds, given the general premise that global benchmark interest rates have peaked in this current cycle.

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

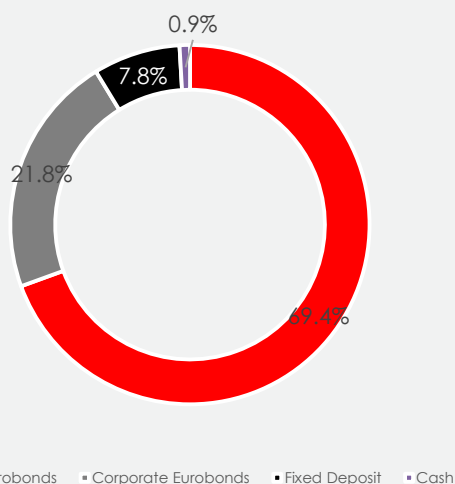
| | |
|-----------------------------------|---|
| Fund Manager | United Capital Asset Management Ltd |
| Base Currency/Start Year | USD/2017 |
| Fund Size (\$) | 151.57m |
| NAV Per Share (\$) | 125.9643 |
| Minimum Investment(\$) | 1,000 |
| Additional Investment (\$) | 500 |
| Structure | Open Ended |
| Minimum Holding Period | 90 days |
| Management Fee | 1.50% |
| Total Expense Ratio* | 1.76% |
| 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 | 10.44% |
| 1-3yr | 14.95% |
| 3-5yr | 2.20% |
| 5-10yr | 22.75% |
| >10yr | 49.67% |

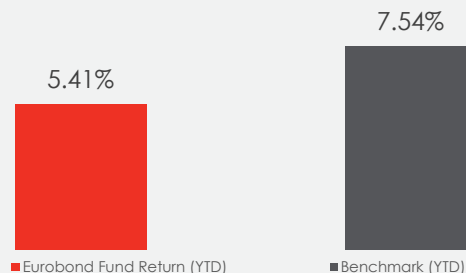
Current Portfolio Holdings



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% | 5.41% |
| Benchmark | 3.95% | 2.17% | 4.04% | 8.91% | 7.46% | 7.54% |

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

PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund returned 0.44% for the month of March 2024. The fund's annualized year to date return printed at 5.41%, while the fund's benchmark closed at 7.54% for the same period.

During the month, investors sentiment in the Nigerian Eurobond space improved as average yield declined in the market. This coincide with bullish sentiment across SSA Eurobonds. Also, the improved outlook of the Naira has reduced exchange rate volatility and instability that comes with these Eurobonds.

The US Federal Open Market Committee (FOMC) voted to leave the Fed Funds Rate unchanged at 5.25-5.50% range, holding the rate at the 5th consecutive meeting.

For the month of April, we expect the broad-based positive sentiment towards SSA Eurobonds to continue, with a positive externality on Nigerian Eurobonds. Foreign investors are incentivized to take advantage of the high yields offered by Nigerian Eurobonds, given the general premise that global benchmark interest rates have peaked in this current cycle.

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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