

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | October 2023

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FUND OBJECTIVE

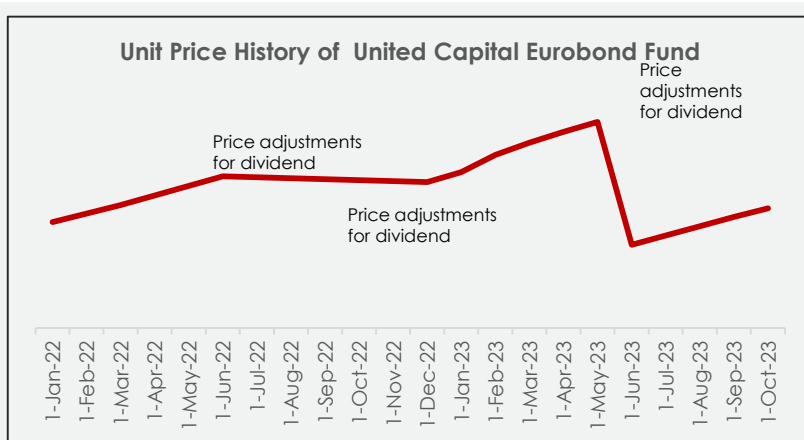
The United Capital Nigerian Eurobond Fund is an open-ended mutual fund that is invested in Dollar denominated Eurobonds, floated by the Federal Government of Nigeria, as well as top-tier corporates. Subscribers can expect to receive competitive short to medium term capital appreciation on their USD holdings 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 October, investors sentiments towards Nigerian Eurobonds was bearish for most of the month. By close of trading on 20-10-2023, average Nigerian Eurobond yields had risen by 95bps from the start of the month to 12.78%. This was due to rapidly falling confidence in the domestic currency (the Naira) over the period, induced by the acute supply-demand imbalance in the FX market. Investors considered the elevated interest rate environment in global markets, FX volatility (the Naira fell to an all-time low of N1,300.0/\$1.0 in the parallel market and N993.0/\$1.0 on the NAFEM), and Nigeria's poor fiscal health. Hence, there was increased concern about Nigeria's debt sustainability. However, sentiments improved at the end of the month, in part, due to the Nigerian Supreme Court ruling which affirmed Bola Tinubu's victory at the February 2023 presidential election. This slightly improved confidence in the economy as Analysts believed that there will be some certainty to Government policy in the medium term. Consequently, the average yield on Nigerian Eurobonds fell by 43bps to print at 11.83% (previously 11.40%).

Looking ahead, we expect the Nigerian Eurobonds market to trade bearishly in the month of November, given that the underlying concerns (debt sustainability risk and FX market volatility) persist. However, there could be pockets of bullish sentiment as investors may reinvest part of their coupon payments (in November) totaling \$148.6mn in Eurobonds. Expectedly, the payment of these coupons will stimulate buy-interest in these instruments, particularly given the FX crunch in the Nigerian economy. These are scheduled to be paid on 21-Nov-2023 and 28-Nov-2023.

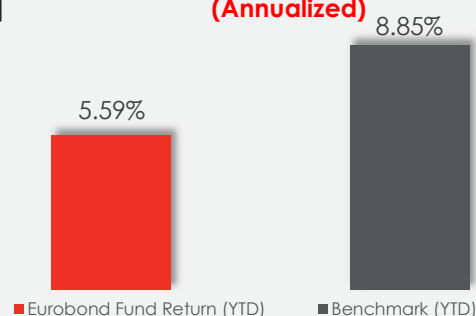
Past performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account 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.



MATURITY PROFILE OF ASSETS

<1yr	0.2%
1-3yr	26.0%
3-5yr	1.0%
5-10yr	10.8%
>10yr	62.0%

Eurobond Fund Return Vs Benchmark (Annualized)

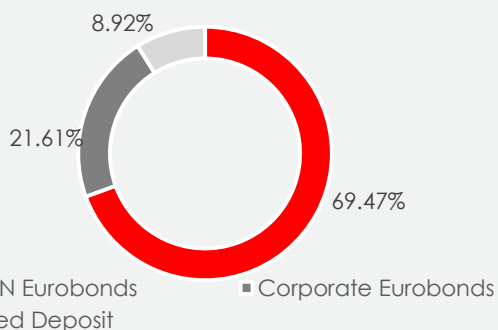


FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	147.88m
NAV Per Share (\$)	123.23
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

CURRENT PORTFOLIO HOLDINGS



Governance Asset Allocation Ranges:

FGN Eurobonds (20%-80%); Corporate Eurobonds (20%-80%); Money Market placements (0% - 20%)

RETURN HISTORY

	2019	2020	2021	2022	YTD
United Capital Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	5.59%
Benchmark	3.95%	2.17%	4.04%	8.91%	8.85%

*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 October. However, the year-to-date return of the fund is 5.59%, lower than the benchmark annualized return of 8.85% within the same period.

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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.

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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