

# United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | October 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 Nigerian Eurobonds market witnessed selloffs on the short-end and middle of the curve, and mild buy-interest in the long-end. Yields on the 2025s – 2030s rose 13 - 28bps m/m, while the 2049 and 2051 bond yields fell by 3bps and 4bps, respectively. On average, Nigerian Eurobond yields rose 3bps m/m to 9.63% (from 9.60% in Sept-2024). This bear-flattening often signals the market's expectation that the Monetary Policy Committee (MPC) will tighten monetary policy to control inflation. Also, the US Dollar index posted solid gains in October, up by 3.30% in the month and by 3.10% YTD. This led to sell pressure on emerging market instruments. For context, the Global emerging market index's returns fall by 1.28% in October.

**Looking ahead, we expect mixed sentiment in the Eurobond market in Nov-2024. However, unlike in Oct-2024 which saw no liquidity in the market, we expect \$148.57bn in coupon payments at the end of the month. This is expected to spur buy-interest as investors reinvest these funds. Nonetheless, we expect USD volatility risk to increase as the US presidential election unfolds amid the USD's current overbought setup. This would leave the USD strong against its currency peers and weigh on emerging market debt instrument prices.**

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

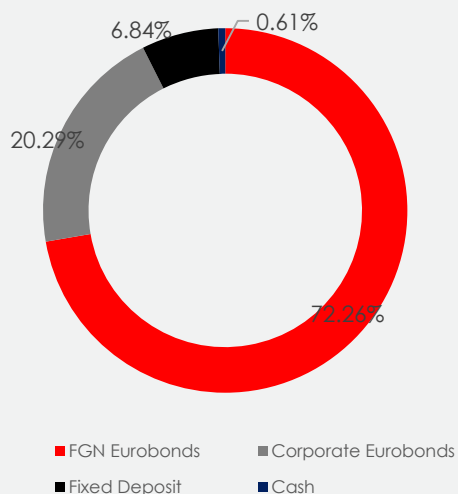
<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	USD/2017
<b>Fund Size (\$)</b>	146.6m
<b>NAV Per Share (\$)</b>	123.1365
<b>Minimum Investment(\$)</b>	1,000
<b>Additional Investment (\$)</b>	500
<b>Structure</b>	Open Ended
<b>Minimum Holding Period</b>	90 days
<b>Management Fee</b>	1.5%
<b>Total Expense Ratio*</b>	1.5%
<b>Benchmark</b>	Composite of 3-yr FGN sovereign Eurobond and 3mth US T-Bill
<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	13.24%
1-3yr	9.12%
3-5yr	3.69%
5-10yr	21.78%
>10yr	52.17%

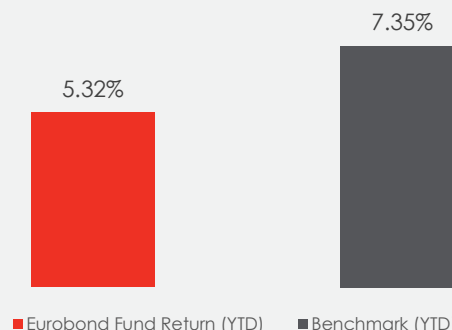
### Current Portfolio Holdings



#### 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%	5.32%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	7.35%

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

### PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund closed the month with an annualized year-to-date return of 5.32%, compared to 5.33% in the previous month. The benchmark return decline to 7.35% (7.53% in the previous month).

There was a modest increase in US CPI inflation for September as it came in at 2.4% y/y slightly higher than the 2.3% estimate but lower than 2.5% print recorded in August. In the Eurozone, the ECB cut rates by 25bps at its October meeting, for the second time in a row as the most recent estimate for inflation of 1.7% y/y in September was below the ECB's medium-term target of 2%. This brings the deposit rate down to 3.25%.

In November and for the rest of the year, we expect increased interest in SSA Eurobonds, on the back of declining yields in more developed markets. We expect this to pull yields lower in the Nigerian Eurobonds market, as buy interest prop prices across the curve.

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](http://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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