

# United Capital Global Fixed Income Fund

Mutual Funds Factsheet | September 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 \$1,000 thereafter.

## MARKET REVIEW, OUTLOOK AND STRATEGY

Global fixed income yields continued their southward trend for the most part of September, following economic data releases that supported rate cut decisions across major central banks. According to the US Bureau of Labour Statistics (BLS), the US headline inflation rate slowed for a fifth consecutive month to 2.5% y/y in Aug-2024, the lowest since Feb-2021, compared to the 2.9% y/y print in Jul-2024. This print was below forecasts of 2.6% y/y, driven by decline in energy and food costs in the region. On labour market data, the August jobs report showed that the US economy added 142,000 new jobs versus the 161,000 expected, while payrolls for the previous month were revised downward by 25,000. This led to an urgency for less monetary policy easing, with the market pricing a 50bps cut to kick off the dovish cycle.

Thus, the US 2-YR Treasury yield fell 28bps m/m to 3.64%, the 5-YR fell 14bps m/m to 3.56% and the 10-YR by 12bps m/m to 3.78%. From a holistic point of view, the yield on the Bloomberg GlobalAgg declined by 15bps from 3.48% in Aug-2024 to 3.33% in Sep-2024. In the same vein, the Bloomberg Pan-European Aggregate Index (which tracks fixed-rate, investment-grade securities issued in the following European currencies: EUR, GBP, NOK, DKK, SEK, CHF, CZK, HUF, PLN, RUB, and SKK) fell by 18bps from 3.14% in Aug-2024 to 2.96% in Sep-2024.

**Looking ahead, we expect rates in the global fixed-income market to continue its downward trend supported by the prevailing dovish monetary policy posture across global central banks. We believe that headline inflation print will continue to ease towards the 2.0% target. Both headline and core PCE prices, which are the Fed's preferred gauge for inflation in the US economy, have refrained from showing unexpected increases in price growth. This will continue to fuel expectations for a potential rate cut in the next Fed meeting in Nov-2024, with traders split between a 25 or 50bps rate reduction. Both headline and core PCE prices, which are the Fed's preferred gauge for inflation in the US economy, have refrained from showing unexpected increases in price growth. This will continue to fuel expectations for a potential rate cut in the next Fed meeting in Nov-2024, with traders split between a 25 or 50bps rate reduction. However, the headwinds to this outlook include inflation failing to continue moderating as expected and geopolitical tensions intensifying worldwide.**

*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**

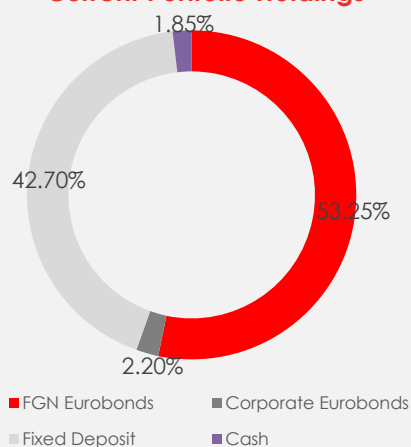
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	67.848Mn
NAV Per Share (\$)	1.1411
Minimum Investment(\$)	50,000
Additional Investment (\$)	1,000
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.00%
Total Expense Ratio*	2.3%
Benchmark	3-yr FGN sovereign Eurobond
Risk Profile	Medium
Investment Style	Income Oriented

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

**MATURITY PROFILE OF ASSETS**

<1yr	44.55%
1-3yr	6.63%
3-5yr	19.13%
5-10yr	19.19%
>10yr	10.50%

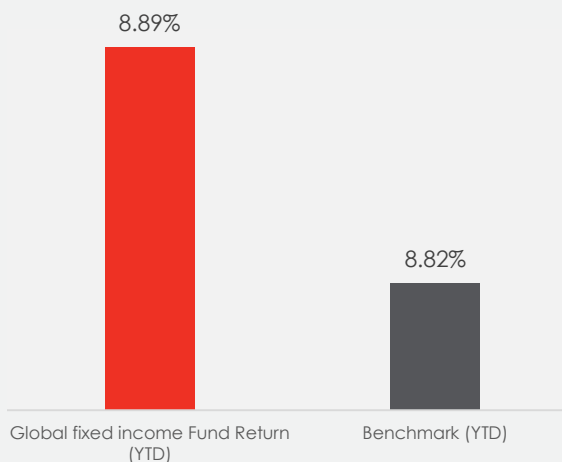
**Current Portfolio Holdings**



**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
UCAP Global Fixed Income Fund	6.17%	11.29%	7.93%	9.10%	8.64%	8.89%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	8.82%

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

**PERFORMANCE REVIEW**

The United Capital Global Fixed Income Fund returned a year-to-date annualized return of 8.89%, compared to 8.72% in the previous month. Conversely, benchmark return declined to 8.82% from previous month's 9.04%.

Both the US FED chose to cut the fed fund rate by 50bps from 5.25% - 5.50% to 4.75% - 5.00% amid signs of moderating inflation pressures and the labour market was weakening. Similarly, the European Central Bank (ECB) cut its deposit facility rate as anticipated by 25bps from 3.75% to 3.50% due to the sustained slowing inflationary print in the bloc. These rate cuts spurred decline in global fixed income rate towards the end of the month, with investors moving towards riskier and high yielding instruments in the market. The SSA Eurobond market continue to benefit from the decline in global interest rate as buy interest increases in the region's Eurobonds.

Looking ahead, we anticipate further rate cut from the US FED which is expected to translate to increased interest in the SSA Eurobonds as well as other relatively riskier instruments with higher yield. We expect the market to continue pricing in the anticipated rate cut, leading to further decline in yields across the 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 fund return.

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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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Nigerian Eurobond Fund   Sukuk Fund   Wealth for Women Fund