

# United Capital Nigerian Eurobond Fund | Monthly Fact Sheet



October-21

## 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 primary market of the Eurobonds segment continued to enjoy decent level of activities, riding on the back of successful issuances from the Federal government, Access Bank etc. In October, Fidelity announced plans to issue \$500.0m worth of five-year Eurobond paper. Upon completion of the transaction, the offer was oversubscribed as the order book peaked at \$750.0m. However, the bank sold under its initial offer due to expensive nature of bids, selling \$400.0m at 7.765%.

In the secondary market, proceedings were broadly bearish in October despite strong oil prices and accretion to external reserves. We believe the bearish tilt in the Eurobonds market was driven by investors' desire to reduce existing Eurobond positions to buy some of the attractive new issues in the primary market. As a result, in the Sovereign Eurobond secondary market, average yield closed higher by 41bps m/m to print at 6.57% at the end of Oct-2021. Similarly, in the Corporate Eurobond secondary market, average yield rose 73bps m/m to close at 3.37% at the end of Oct-2021.

Looking ahead, we expect the bearish sentiments in the Eurobond market to simmer as primary issues calm in subsequent months. In addition, key market fundamentals such as oil prices, production and external reserves are expected to sustain improvement or at least remain stable (in the case of oil prices).

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The United Capital Nigerian Eurobond Fund is regulated by the Securities and Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	140.95m
NAV Per Share (\$)	121.21
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	Composite of 3-yr FGN sovereign bond and 3mth US T-Bill
Risk Profile	Low
Investment Style	Income Oriented

## PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund returned 0.50% for the month of October bringing the Year to date ("YTD") annualized return to 7.14%, better than the benchmark annualised return of 3.64% within the same period.

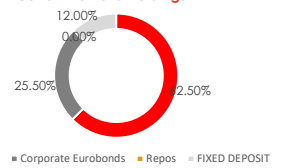
The performance of the Fund was driven largely by mixed demand for emerging market ("EM") sovereign and corporate bonds. Similarly, global oil prices continue to show a positive outlook in the international market as Brent crude prices hovered around the \$82/barrel mark during the month.

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.

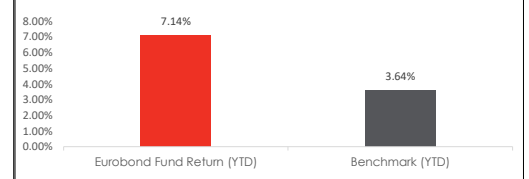
## Maturity Profile of Assets

<1 yr	0.2%
1-3yr	3.1%
3-5yr	17.3%
5-10yr	10.9%
>10yr	68.5%

## Current Portfolio Holdings



## Eurobond Fund Return Vs Benchmark (Annualized)



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

## Governance Asset Allocation Ranges:

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

## Why choose the Fund?

- Much better returns than the average domiciliary deposit
- A good hedge against depreciation of the Naira
- Seamless Entry and Exit
- Long term capital preservation and growth

## Investment Risk

- Credit Risks
- Macroeconomic instability
- Interest Rate Risk

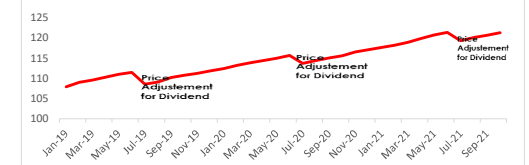
## How to participate

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:FCMBNG33XXX  
 Intermediary BIC: CITIUS33XXX

## Unit Price History of United Capital Eurobond Fund



## Return history

	2018	2019	2020	YTD
United Capital Nigerian Eurobond Fund	7.13%	8.00%	7.10%	7.14%
Benchmark	4.32%	3.95%	2.17%	3.64%

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

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.