

United Capital Nigerian Eurobond Fund | Monthly Fact Sheet



December-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 Nigerian Eurobond market recorded a bullish performance in Dec-2021. FGN Eurobonds witnessed improved buying interest after weeks of selloffs as calm returned to markets on the mild severity of the omicron variant of Covid-19.

In the sovereign Eurobond secondary market, we observed buying activity across the curve, which drove the average yield lower by 46bps m/m to 7.20% at the end of Dec-2021. Conversely, in the corporate Eurobond secondary market, the average yield increased by 162bps m/m to close at 3.68% at the end of Dec-2021.

This month, we expect yield movements in the US and crude oil market performance to remain major drivers of sentiments for FGN Eurobonds. On the one hand, oil prices will likely remain stable in the \$75.0/b to \$85.0/b region as global supplies are on track to be tighter than previously expected and the Omicron impact on demand remains muted. On the other hand, the market expects the Federal Reserve to bring forward rate hikes in the US, and this could trigger sell pressures on Nigerian Eurobonds, which could counteract positive fallouts from high oil prices

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	153.86m
NAV Per Share (\$)	122.34
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 0.45% for the month of December bringing the Full year 2021 return to 6.84%, better than the benchmark annualised return of 4.60% within the same period

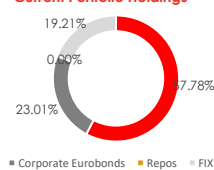
The performance of the Fund was driven largely by mixed demand for emerging market ("EM") sovereign and corporate bonds. Similarly, global oil prices continue to show a positive outlook in the international market as Brent crude prices averaged \$75/barrel during the month. However, according to world bank market outlook forecast report, crude price are projected to average \$74/barrel in 2022 as oil demand strengthens.

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.

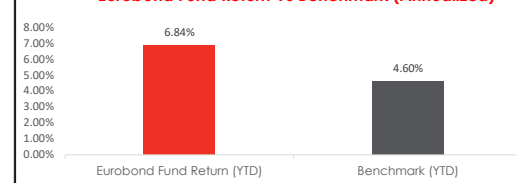
Maturity Profile of Assets

<1 yr	0.2%
1-3yr	2.4%
3-5yr	17.4%
5-10yr	10.9%
>10yr	69.0%

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

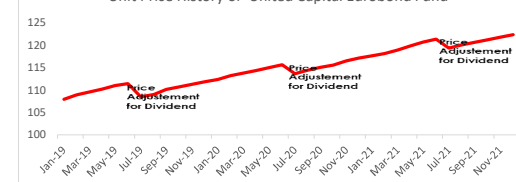
How to participate

1. Log in to our online platform www.investnow.ng
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: FCBMIB
 Correspondent Bank: CITIBANK, New York, USA,
 399 Park Avenue, New York, NY10043, U.S.A.
 BIC/SWIFT ID:FCMBNGLAXXX
 Intermediary BIC: CITIUS33XXX

Unit Price History of United Capital Eurobond Fund



Return history

	2018	2019	2020	2021
United Capital Nigerian Eurobond Fund	7.13%	8.00%	7.10%	6.84%
Benchmark	4.32%	3.95%	2.17%	3.37%

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

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

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