

# United Capital Nigerian Eurobond Fund | Monthly Fact Sheet

September-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

In the Eurobond space, the FGN issued a \$3bn Eurobond worth and raised around \$4bn (N1.6trn) in the Eurobond market, across the 7, 10 and 30-year papers, stop rates for the auction closed at 6.1%, 7.3% and 8.2%, respectively. Investor appetite for the bills was strong, as the offer was oversubscribed by 4X, with bids totalling \$12bn from \$3bn on offer.

In the secondary market, proceedings were bearish as investors sold off bills to match rates at the Eurobond auction. Also, investor sell-offs in the US bond markets also mounted some sell pressures on our sovereign euro bond markets. Overall, rates in the Eurobond market rose by 43bps to 6.2% in Sep-2021.

In the Corporate Eurobond secondary market, the average yield dropped by 57bps m/m to close at 2.64% from 3.21%, at the end of August 2021.

**Looking ahead, yield movements in the US will remain a critical driver of activities on Nigerian sovereign Eurobonds, following the recent spikes in the US treasury yields in recent weeks. In addition, despite the volatility in the oil market, OPEC+ recent decision to maintain the gradual 400,000bpd monthly supply increase will remain supportive of USD flows for Nigeria, giving further positive sentiments.**

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

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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	138.11m
NAV Per Share (\$)	120.61
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 0.48% for the month of September bringing the Year to date ("YTD") annualized return to 7.23%, better than the benchmark annualised return of 3.35% within the same period.

The performance of the Fund was driven largely by mixed demand for emerging market ("EM") sovereign and corporate bonds following the successful issuance of Nigerian Eurobonds of about \$4billion. Similarly, global oil prices continue to show a positive outlook in the international market as Brent crude prices touched the \$80/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.

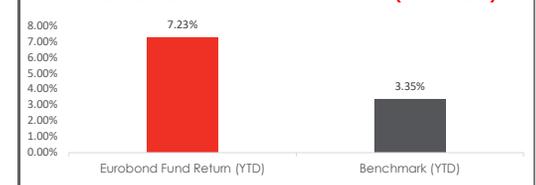
### Maturity Profile of Assets

<1 yr	0.2%
1-3yr	7.7%
3-5yr	12.5%
5-10yr	10.9%
>10yr	68.7%

### 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 TRUSTS/UNITED CAPITAL NIGERIAN EUROBOND FUND  
 Currency: USD  
 Bank: FCMB  
 Correspondent Bank: CITIBANK, New York, USA.  
 399 Park Avenue, New York, NY 10043, 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%	7.23%
Benchmark	4.32%	3.95%	2.17%	3.35%

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