

# United Capital Nigerian Eurobond Fund | Monthly Fact Sheet



February-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

Towards the end of February 2021, we saw increased bearish sentiment in global fixed income instruments in the advanced market as investors started to factor in the full economic impact of a US stimulus plan totalling \$1.9trn which triggered an anticipation of a quicker-than-expected growth. The US 10-year treasury paper spiked by 20bps to 1.5% last week, on the back of positive economic data and a potential "heating" of the global economy. Oil prices also rose by 20% in February 2021, to close at \$66p/b, spurred on by increased vaccinations and the positive economic outlook. However, rapidly rising crude oil prices did not translate to increased investor appetite for FGN Eurobonds, as average yields rose by 7bps to close at 5.7%. However, we observed increased investor appetite for corporate eurobonds as average yield fell by 60bps to 4.4% within the last month.

In the Corporate Eurobond market, Ecobank Nigeria Plc, rated B- by Fitch, raised \$300mn from the international debt market for mid-term funding and capacity enhancement to support international trade and service in Africa.

**We reiterate that Nigeria is well-positioned to repay and service its outstanding Eurobonds, supported by rising oil prices and its sizable FX reserves. We believe that a post-U.S stimulus economy and a potential overheating of the economy could lead to a spike in yields in safer-haven markets, shifting fund flow**

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The United Capital 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 (\$)	69.82m
NAV Per Share (\$)	118.14
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 0.46% for the month of February bringing the Year to date ("YTD") annualized return to 5.92%, better than the benchmark annualised return of 3.06% within the same period.

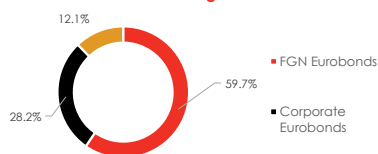
The performance of the Fund was driven largely by mixed demand for emerging market ("EM") sovereign and corporate bonds as yields suffered the effect of renewed demand seen on U.S. Treasuries on the back of rising yields. Similarly, global oil prices continue to show a positive outlook in the international market as Brent crude prices soared above \$58 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.

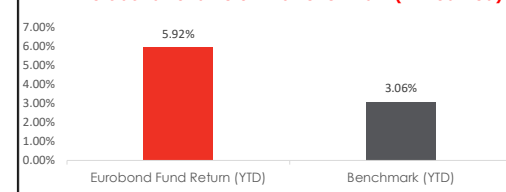
### Maturity Profile of Assets

<1 yr	0.5%
1-3yr	16.3%
3-5yr	15.7%
5-10yr	11.3%
>10yr	56.2%

### 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
- Professional management with robust risk framework
- Long term capital preservation and growth

### Investment Risk

- Credit Risks
- Macroeconomic instability
- Interest Rate Risk

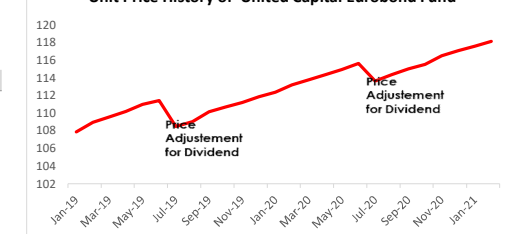
### How to participate

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 TRUSTEE/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

### 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%	5.92%
Benchmark	4.32%	3.95%	2.17%	3.06%

Past performance is not a reliable indicator of future performance. 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.