

# United Capital Nigerian Eurobond Fund | Monthly Fact Sheet



January-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

Average Nigerian Eurobond yield increased marginally by 2bps month-on-month to 5.68%. On the other hand, interest in corporate Eurobonds strengthened as average yield declined 71bps to end the month at 4.96%. The increase in Eurobond yields was despite the positivity at the crude oil market in January. Oil prices picked up from the late rally seen in Dec-2020 and further strengthened in Jan-2021 to end the month at \$55.88/b. This was on the back of the production cut taken by Saudi Arabi coupled with the optimism around the COVID -19 vaccination.

Despite increased speculations that Nigeria may approach the international debt market for funding, we note that Nigeria redeemed its US\$500.0m Eurobond that matured during the month. This was in contrast to Zambia which defaulted for the second straight period, skipping the payment of \$56.1m coupon on 30th of January, according to Bloomberg. Meanwhile, the Republic of Benin approached the Eurobond market in the course of the month raising 1billion euros in tranches of 11yrs and 31yrs at 5.125% and 7.25% respectively.

**For the month of February, we are of the opinion that the stability in the oil price will make a strong case for the Nigerian Eurobond market.**

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	75.47m
NAV Per Share (\$)	117.59
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 0.44% for the month of January bringing the Year to date ("YTD") return to 5.63%, better than the benchmark annualised return of 2.98% within the same period.

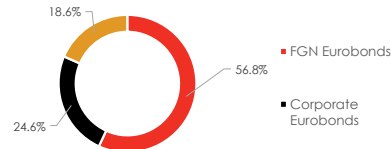
The performance of the Fund was driven largely by improved demand for emerging market ("EM") bonds as yields across EM sovereign and corporate papers lured investors. Similarly, global oil prices continue to show a positive outlook in the international market as Brent crude prices soared above \$54 during the month, the highest seen since February 2020.

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	13.8%
5-10yr	2.9%
>10yr	66.5%

### Current Portfolio Holdings



\* 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 [→](#)

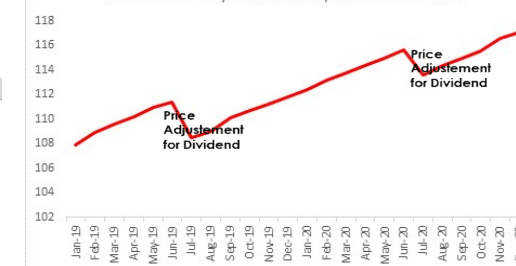
### UNITED CAPITAL NIGERIAN EUROBOND FUND

Account No: 0406315251  
 Account Name: MAINSTREET 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:FCMBNGLAXXX  
 Intermediary BIC: CITIUS33XXX

### Eurobond Fund Return Vs Benchmark



### Unit Price History of United Capital Eurobond Fund



### Return history

	2018	2019	2020	Jan-21
United Capital Nigerian Eurobond Fund	7.13%	8.00%	7.10%	5.63%
Benchmark	4.32%	3.95%	2.17%	2.98%

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

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.