

United Capital Eurobond Fund | Monthly Fact Sheet



January-23

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 January, the Nigerian Eurobonds market remained relatively calm for most of the month, with a few trades by currency hedgers.

Within the month, coupon payments totalling \$78.4mn hit the financial system, leading to buy interests in the market.

However, at the end of the month, Moody's Investors Service (Moody's) on Friday, 27-Jan, downgraded the Nigerian Federal Government (FG) long-term foreign-currency (FCY) and local currency (LCY) issuer ratings as well as its foreign currency senior unsecured debt ratings to Caa1 and B2 respectively, from B3 and B1 respectively.

The downgrade resulted in immense sell pressures, which resulted in an uptick in yields across the curve. Nigeria's sovereign bonds lost an average of c.\$4.00 daily since the release of the report. As a result, average yield in the secondary market for Eurobonds rose by 8bps m/m to close the month at 12.0%.

In February, we expect continued bearish sentiments in the Eurobonds space primarily driven by risk-on investor sentiment. However, c.\$151.8mn worth of coupon payments will hit the system within the month, which could lead to oscillating buy pressures in the market. Overall, we expect to see higher Eurobond yields m/m.

Contact Us:

Emmanuel Akehomen | +234-703-180-3064

emmanuel.akehomen@unitedcapitalplcgroup.com

Asset Management | +234-1-631-7876

mutualfunds@unitedcapitalplcgroup.com

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	161.04m
NAV Per Share (\$)	125.95
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
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 0.49% for the month of January. However, the year to date return of the fund is 5.67%, lower than the benchmark annualised return of 8.14% within the same period.

The Eurobond space started the year on a bullish note due to the better than expected US labor data released which boosted hopes that the US economy will dodge a recession, thereby giving the US Fed room to slow interest rate hikes this year. However, towards the end of the month, Moody's Investors Service (Moody's) downgrade of the Nigerian Federal Government (FG) long-term foreign-currency (FCY) and local currency (LCY) issuer ratings as well as its foreign currency senior unsecured debt ratings resulted in immense sell pressures and led to an uptick in yields across the curve

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.



* 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
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

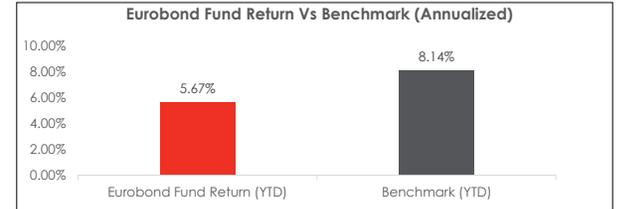
Bank: FCB

Correspondent Bank: CITIBANK, New York, USA,

399 Park Avenue, New York, NY 10043, U.S.A.

BIC/SWIFT ID:FCMBNGLAXXX

Intermediary BIC : CITIUS33XXX



Return history

	2019	2020	2021	2022	Jan-23
United Capital Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	5.67%
Benchmark	3.95%	2.17%	4.04%	8.91%	8.14%

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

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

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.