

United Capital Nigerian Eurobond Fund | Monthly Fact Sheet



August-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 Minister of Finance has announced that Nigeria will launch its planned N2.3tn (\$6.2bn) Eurobond issuance on October 11th. The country would hold roadshows starting from investors in Lagos to investors in New York and UK and within the week, the pricing of the dollar-dominated issuance will also be done. However, there are indications the country will not be able to raise the total planned issuance due to change in market conditions.

In the secondary market, proceedings were largely tight in August amid some hawkish signals from the US Federal Reserve and intense volatility in oil prices. The US Fed guided that it would start tapering asset purchases before the year ends, while oil prices took a beating when COVID-19 forced renewed restrictions in China, before rebounding strongly after restrictions were eased. In the Sovereign Eurobond secondary market, average yield closed lower by 10bps m/m to print at 5.7% at the end of Aug-2021.

In the Corporate Eurobond secondary market, average yield rose 90bps m/m to close at 4.0% at the end of Aug-2021.

Looking ahead, yield movements in the US will remain a critical driver of activities on Nigerian sovereign Eurobonds. Also, the pricing of Nigeria's Eurobond issuance would be critical to gauge the direction of Eurobond yields for the rest of the year. 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.

Emmanuel Akehomen | +234-703-180-3064
emmanuel.akehomen@unitedcapitalcgroup.com
 Asset Management | +234-1-631-7876
mutualfunds@unitedcapitalcgroup.com

The United Capital 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.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	149.8m
NAV Per Share (\$)	120.03
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 0.61% for the month of August bringing the Year to date ("YTD") annualized return to 7.40%, better than the benchmark annualised return of 3.24% within the same period.

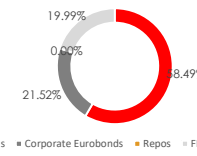
The performance of the Fund was driven largely by mixed demand for emerging market ("EM") sovereign and corporate bonds with the news of the Nigerian government's plan to raise \$6.1bn in external borrowing being approved by its senate. This impending supply saw market participants remain risk-off the sovereign curve. Similarly, oil prices as Brent crude prices pushed below \$70/barrel 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.

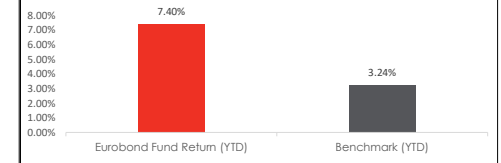
Maturity Profile of Assets

<1 yr	0.2%
1-3yr	7.8%
3-5yr	12.7%
5-10yr	13.6%
>10yr	65.7%

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

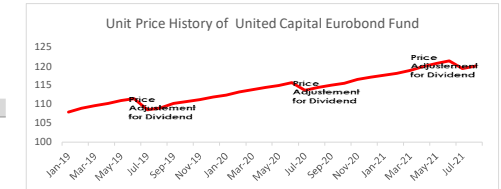
- Credit Risks
- Macroeconomic instability
- Interest Rate Risk

How to participate

1. Log in to our online platform www.investnow.ng
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: MAIN STREET TRUSTEE/UNITED CAPITAL NIGERIAN EUROBOND FUND
 Currency: USD
 Bank: FCMIB
 Correspondent Bank: CITIBANK, New York, U.S.A.
 399 Park Avenue, New York, NY 10043, U.S.A.
 BIC/SWIFT ID:FCMBNL33XXX
 Intermediary BIC: CITIUS33XXX



Return history

	2018	2019	2020	YTD
United Capital Nigerian Eurobond Fund	7.13%	8.00%	7.10%	7.40%
Benchmark	4.32%	3.95%	2.17%	3.24%

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