

# United Capital Eurobond Fund | Monthly Fact Sheet



February-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 February, the Eurobonds was met with mixed sentiments from investors.

On one hand, 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 to Caa1 and B2 from B3 and B1 respectively, fuelled the already lingering bearish sentiments amid rising debt sustainability risks.

On the other hand, coupon payment to the tune of \$151.8mn paved way for pockets of bullish sentiments from investors as they sought to re-invest their funds. Owing to the lingering liquidity from the inflow of the old naira at the time, the observed buy-interest outweighed the downgrade-induced selloff witnessed, as investors' sought to take advantage of obvious wind-fall gains.

As a result, average yield in the secondary market for Eurobonds declined by 16bps m/m to close the month at 11.82%.

**In March, we expect the Nigerian Eurobonds market to witness bearish sentiments for the most part of the month, outweighing the pockets of bullish sentiments to be instigated by the potential \$197.5mn coupon payment expected to hit the system within the month.**

## Contact Us:

Emmanuel Akehomen | +234-703-180-3064

[emmanuel.akehomen@unitedcapitalplcgroup.com](mailto:emmanuel.akehomen@unitedcapitalplcgroup.com)

Asset Management | +234-1-631-7876

[mutualfunds@unitedcapitalplcgroup.com](http://mutualfunds@unitedcapitalplcgroup.com)

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	159.66m
NAV Per Share (\$)	126.45
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 0.40% for the month of February. However, the year to date return of the fund is 5.33%, lower than the benchmark annualised return of 9.63% within the same period.

In February, the Eurobonds was met with mixed sentiments from investors. Also Moody's downgrade of the Nigerian Federal Government fuelled the already lingering bearish sentiments amid rising debt sustainability risks. We also had large liquidity from coupon payment to the tune of \$151.8mn which paved way for pockets of bullish sentiments from investors as they sought to re-invest their funds. The lingering liquidity from the inflow of the old naira at the time, the observed buy-interest outweighed the downgrade-induced selloff witnessed, as investors' sought to take advantage of obvious wind-fall gains.

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](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

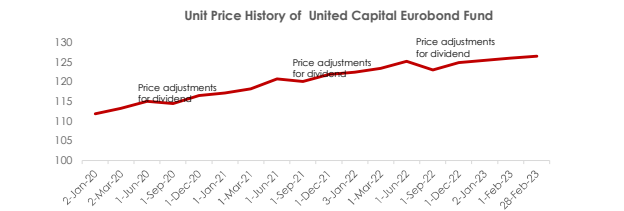
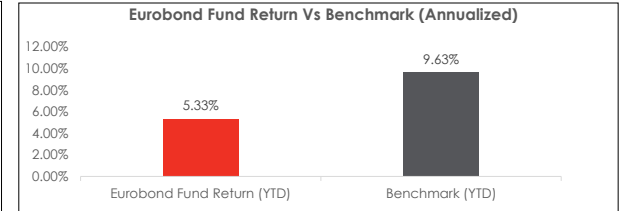
Bank: FCB

Correspondent Bank: CITIBANK, New York, USA,

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

BIC/SWIFT ID: FCBNGLAXXX

Intermediary BIC: CITIUS33XXX



Return history	2019	2020	2021	2022	YTD 2023
United Capital Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	5.33%
Benchmark	3.95%	2.17%	4.04%	8.91%	9.63%

\*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.