

# United Capital Eurobond Fund | Monthly Fact Sheet



March-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 March, the Nigerian Eurobonds market was mostly met with mixed sentiments from investors. On one hand, investors displayed bearish sentiments toward Nigerian Eurobonds, as the contagion effect from the rising debt sustainability risks in the SSA region lingered in the aftermath of Moody's downgrade in February 2023.

On the other hand, coupon payments to the tune of \$197.5mn (30.1% higher than the coupon inflow of \$151.8mn in Feb-2023) paved way for pockets of bullish sentiments from investors as they sought to re-invest their funds.

Apparently, a blend of the buy-pressure from the lingering liquidity from the inflow of the old naira (particularly in the 1<sup>st</sup> two weeks of the month under review), and the pockets buy-interest owing to the coupon inflows outweighed the bearish sentiments in the period, as local investors' remained keen on exploiting the elevated Eurobonds yield environment, which presented obvious wind-fall gains. That said, the average yield in the secondary market for Eurobonds declined by 8bps m/m to close the month at 11.82%.

In April, we expect bearish sentiments to return to the Nigerian Eurobonds market, in tandem with the broad-based bearish sentiments toward SSA Eurobonds. We do not expect any liquidity-induced buy-pressure in April, owing to the zero-coupon payments expected in the period.

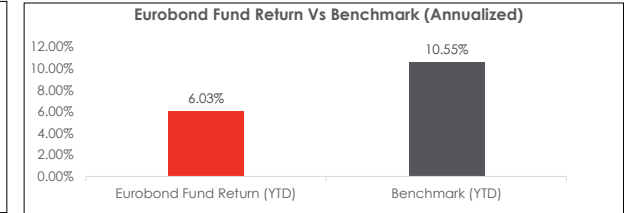
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	146.63m
NAV Per Share (\$)	127.19
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	Composite of 3-yr FGN sovereign Eurobond and 3mth US T-Bill
Risk Profile	Medium
Investment Style	Income Oriented

## PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund returned 0.58% for the month of March. However, the year to date return of the fund is 6.03%, lower than the benchmark annualised return of 10.55% within the same period.

In March, the Nigerian Eurobonds market was mostly met with mixed sentiments from investors. On one hand, investors displayed bearish sentiments toward Nigerian Eurobonds, as the contagion effect from the rising debt sustainability risks in the SSA region lingered in the aftermath of Moody's downgrade in February 2023. Also, the lingering liquidity from the inflow of the old naira, and the pockets buy-interest owing to the coupon inflows outweighed the bearish sentiments in the period, as local investors' remained keen on exploiting the elevated Eurobonds yield environment, which presented 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: FCBAB  
 Correspondent Bank: CITIBANK, New York, U.S.A.  
 399 Park Avenue, New York, NY 10043, U.S.A.  
 BIC/SWIFT ID: FCBMNGLAXXX  
 Intermediary BIC: CITIUS33XXX



Return history	2019	2020	2021	2022	YTD
United Capital Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	6.03%
Benchmark	3.95%	2.17%	4.04%	8.91%	10.55%

\* 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.