

# United Capital Global Fixed Income Fund | Monthly Fact Sheet



March-23

## FUND OBJECTIVE

The United Capital Global Fixed Income Fund is an actively managed open-ended specialized fund whose main objective is to achieve consistent income streams through investment in select dollar-denominated global fixed income securities issued by non-Nigerian issuers, sovereign as well as top-tier corporate Eurobonds. The fund is targeted at investors looking to diversify their portfolios from county specific investment risks.

The Fund will also provide portfolio managers access to diversify their portfolio and income streams whilst providing long-term capital appreciation. The minimum investment is \$50,000 and multiples of \$1000 thereafter.

## MARKET REVIEW, OUTLOOK AND STRATEGY

The Global fixed income markets were bullish as investors saw gains in total returns month-on-month. The Bloomberg GlobalAgg Index, which tracks global investment grade debt from many local currency markets, including treasury, government-related, corporate and securitised fixed-rate bonds, saw a decline in yields which fell by 30bps m/m to print at 3.5%. In tandem, yields declined in Emerging Markets. Yields of the Bloomberg Emerging Markets Sovereign US Aggregate Index, which tracks fixed and floating rate US dollar-denominated debt issued by emerging market governments, fell by 23bps m/m to print at 7.9%.

In Nigeria, the 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 \$131.2mn 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.

This month the direction of yields would remain hinged on the direction of monetary authorities. We expect central banks in developed and emerging economies to continue interest rate hikes in Q2-2023, albeit mild. Hence, we expect yields in financial markets across advanced and emerging market economies to continue to climb higher, as the fight against elevated inflationary pressure persists. 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.

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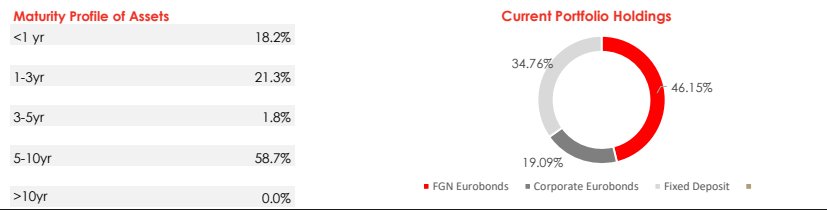
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	5.9Mn
NAV Per Share (\$)	1.0142
Minimum Investment(\$)	50,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.0%
Total Expense Ratio*	2.3%
Benchmark	3-yr FGN sovereign Eurobond
Risk Profile	Medium
Investment Style	Income Oriented

## PERFORMANCE REVIEW

The United Capital Global fixed income Fund returned 0.55% for the month of March. However, the year to date return of the fund is 6.17%, lower than the benchmark annualised return of 13.07% within the same period.

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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 (50%-70%); Corporate Eurobonds (50%-70%); Money Market placements (30% - 50%)  
Global Fixed Income securities(0%-20%), Alternative Investment Assets denominated in USD (0%-20%)

## Why choose the Fund?

- Delivers significantly higher returns than regular domiciliary bank deposits
- 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 "Global fixed income Fund"
3. Click on "Open an account" and complete the online form
4. Fund the Custody Account detailed here [→](#)

## UNITED CAPITAL GLOBAL FIXED INCOME FUND

Account Name: EAC Trustees/ United Capital Global Fixed Income Fund

Account No: 0045814566

Currency: USD

Bank: STANBIC IBTC

Correspondence : Citibank N.A 111 Wall Street, New York N/A

Swift Code : CITIUS33XXX ABA 021000089

## Return history

	Jan-23	Feb-23	Mar-23
United Capital Global Fixed Income fund	7.12%	5.85%	6.17%
Benchmark	9.67%	11.73%	13.07%

\*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.