

United Capital Global Fixed Income Fund | Monthly Fact Sheet



April-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

Following the collapse of Silicon Valley Bank (SVB) and Signature Bank, and one European (Credit Suisse, which was rescued by UBS), the US treasury curve steepened as the market priced in aggressive Fed rate hikes into front-dated futures contracts. Overall, the turmoil in the banking sector had a profound impact on financial conditions (bond spreads, lending conditions) and bond yields. The general concern is that this is not likely to be a one-off risk event and is indicative of issues that arise when central banks aggressively tighten monetary policy.

The Bloomberg US Treasury Index (which tracks US fixed-rates, and nominal debt issued by the US Treasury) and 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) both saw a decline in yields in April, with US Treasuries declining by 104bps and the GlobalAgg Index by 57bps.

With the Fed hiking rates by another 25bps, in May 2023, we expect Global fixed income yields to inch higher, in tandem. We believe the Fed will lean more heavily than ever toward accommodating monetary policy rates going forward, in an effort to find a compromise between managing financial sector liquidity and fighting inflation. Also, we are of the opinion that a halt in rate hikes by the Fed will go a long way to improve investors' confidence in the banking sector, thus giving the sector more room to recover by taking into account the potential that this is not likely to be a one-off risk event. Also, the continued y/y disinflation in the US will also be a key consideration in Fed meetings going forward. Central banks in Europe are poised to continue interest rate hikes in Q2-2023, albeit mild. Lastly, the rising debt sustainability risks in Sub-Saharan Africa will provide more room for yields to stay elevated across countries in the region.

Contact Us:

Emmanuel Akehomen | +234-703-180-3064

emmanuel.akehomen@unitedcapitalcgroup.com

Asset Management | +234-1-631-7876

mutualfunds@unitedcapitalcgroup.com

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	10.1Mn
NAV Per Share (\$)	1.0262
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 1.12% for the month of April. However, the year to date return of the fund is 8.43%, lower than the benchmark annualised return of 12% within the same period.

In Nigeria, the Eurobond markets saw sell pressure from investors resulting in average yields in the secondary Eurobonds market climbing 48bps m/m to print at 12.9% at the close of the month. The bearish sentiments were driven by a combination of factors including the absence of coupon payments in the month, the recent slowdown in oil production, and the uncertainty surrounding the government's fuel subsidy and its planned removal.

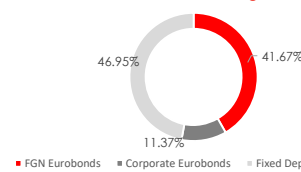
In the global space, following the collapse of Silicon Valley Bank (SVB) and Signature Bank, and one European (Credit Suisse, which was rescued by UBS), the US treasury curve steepened as the market priced in aggressive Fed rate hikes into front-dated futures contracts. Overall, the turmoil in the banking sector had a profound impact on financial conditions (bond spreads, lending conditions) and bond yields.

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	19.9%
1-3yr	20.9%
3-5yr	1.7%
5-10yr	57.5%
>10yr	0.0%

Current Portfolio Holdings



* 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
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	Apr-23
United Capital Global Fixed Income fund	7.12%	5.85%	6.17%	8.43%
Benchmark	9.67%	11.73%	13.07%	12.00%

*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.