

United Capital Eurobond Fund | Monthly Fact Sheet



May-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

For most of the month of May, the Nigerian Eurobonds markets were bearish, the secondary markets saw sell pressure from investors resulting in an uptick in average yields. The bearish sentiments were driven by a combination of factors, including additional concerns about the nation's debt sustainability following the senates' approval for the securitisation of the N22.7 trillion loans the CBN extended to the Federal Government under its "Ways and Means Provision".

Furthermore, the recent slowdown in oil production, the decline in global crude oil prices & a pessimistic oil market outlook left the Eurobonds market jilted by investors. Brent crude futures prices declined by 9.6% m/m to close at \$72.14/bbl. However, by the end of the month, the yield curve dropped lower, triggered by the buy-interest among investors reinvesting the \$148.5mn coupon payments inflows that came in at the end of the month.

Further bolstering bullish sentiments was the inaugural speech from the president, which hinted at a tampering of interest rates and implementation of economy-reviving policies such as the deregulation in the downstream oil sector as indicated by the new PMS pump prices. Thus, the secondary Eurobonds market closed bullish, with the average yield declining 123bps w/w to close at 11.64%.

In June, we expect the Nigerian Eurobonds market to witness mixed sentiments from investors. We envisage more bullish sentiments as the new administration provides more clarity on its intended policies in the coming weeks. However, this would be oscillated by pockets of bearish sentiments resulting from the current underlying market conditions mentioned above, in addition to the absence of coupon inflows within the month.

Contact Us:

Emmanuel Akehomen | +234-703-180-3064

emmanuel.akehomen@unitedcapitalplcgroup.com

Asset Management | +234-1-631-7876

mutualfunds@unitedcapitalplcgroup.com

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	147.52m
NAV Per Share (\$)	128.45
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 Eurobond and 3mth US T-Bill
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund returned 0.49% for the month of May. However, the year to date return of the fund is 6.05%, lower than the benchmark annualised return of 9.66% 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 (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
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

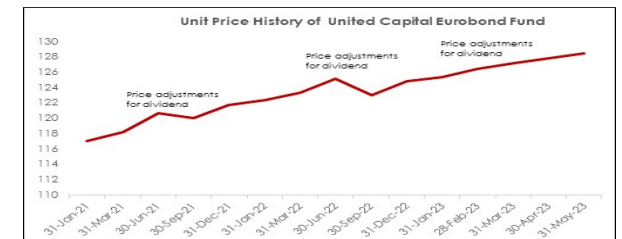
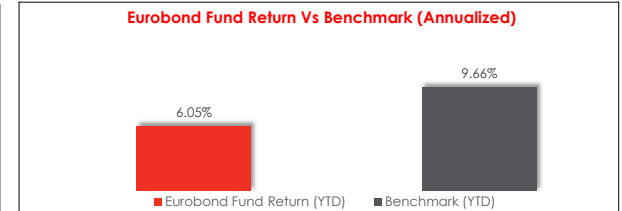
Bank: FICMB

Correspondent Bank: CITIBANK, New York, USA.

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

BIC/SWIFT ID: FICMBNGLAXXX

Intermediary BIC: CITIUS33XXX



Return history

	2019	2020	2021	2022	YTD
United Capital Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	6.05%
Benchmark	3.95%	2.17%	4.04%	8.91%	9.66%

* 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.