

United Capital Global Fixed Income Fund | Monthly Fact Sheet



September-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 country 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

Last month, global investors were focused on Central Banks. In the U.S., the Fed maintained its short-term lending benchmark at a target range of 5.25% to 5.50%, in line with market expectations. Meanwhile, Policymakers surprised Analysts with an outlook for rates in 2024 that was notably higher than expected (from 4.6% to 5.1%). Similarly, the Fed's interest rate prediction for 2025 also increased from 3.4% to 3.9%. In Europe, the European Central Bank (ECB) raised its interest rate for the 10th consecutive time, hiking its deposit rate by 25bps from 4.25% to 4.5%, a record high.

In September, Investors' sentiments towards Nigerian Eurobonds were bearish. At the same time, we observed selloffs across the curve driven by concerns about the nation's idiosyncratic risks, such as Nigeria's debt sustainability and Foreign Exchange (FX) volatility. Further driving the downbeat sentiments was the upward adjustment of bond spreads in tandem with other SSA papers driven by the rise in yields across advanced economies fixed income securities. Total coupon inflows of the month amounted to \$197.5 mn, which was insufficient in driving significant buy interest across the curve. Consequently, the average yield on Nigerian Eurobonds climbed significantly by 134bps to print at 11.34% (previously 10.00%).

Looking ahead, we are of the view that benchmark interest rates will remain high for an extended period as Central Banks battle to tame inflation. These higher interest rates are likely to cause additional volatility in financial markets. However, we expect solid levels of business investment to sustain the underlying economic growth. Investors face significant risks moving forward, including the possibility of inflation not moderating as anticipated, which could impact asset prices negatively. Additionally, there is concern that policymakers might lighten inflationary measures if there is evidence of persistent inflationary pressures hampering economic growth. Moreover, the potential escalation of geopolitical tensions would further complicate the situation. Based on the foregoing, we advise fund managers to maintain a diversified portfolio, invest in assets that are less sensitive to interest rate fluctuations, be prepared for increased volatility in financial markets, and have a contingency plan in place in case of a recession or other economic downturn.

Fund managers can better position their portfolios to weather the anticipated challenges by adopting a well-informed, diversified, and proactive investment strategy. Regular monitoring and strategic adjustments will be instrumental in optimising returns and managing risks effectively.

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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	17.3Mn
NAV Per Share (\$)	1.0624
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 0.63% for the month of September. However, the year to date return of the fund is 8.49%, lower than the benchmark annualised return of 9.89% 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:

Nigerian Eurobonds- FGN Sovereign and Corporates (50%-70%); Money Market Instruments (30% - 50%)
 Global Fixed Income securities(0%-20%), Alternative Investment Assets denominated in USD (0%-20%)

Why choose the Fund?

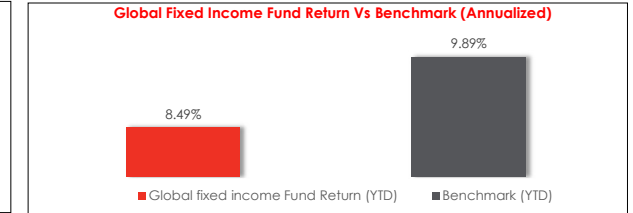
- Delivers significantly higher returns than regular domiciliary bank deposits
- A good hedge against depreciation of the Naira
- Seamless Entry and Exit
- Professional management with robust risk framework
- Long term capital preservation and growth

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



Investment Risk

- Credit Risks
- Macroeconomic instability
- Interest Rate Risk

Return history

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
United Capital Global Fixed Income Fund	7.12%	5.85%	6.17%	8.43%	8.32%	8.77%	8.74%	8.52%	8.49%
Benchmark	9.67%	11.73%	13.07%	12.00%	11.54%	9.83%	9.25%	10.00%	9.89%

* Represents the Fund's Annualized Return vs the Benchmark's Annualized Return

The United Capital Global Fixed Income 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.