

United Capital Global Fixed Income Fund

Mutual Funds Factsheet | July 2024

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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

US Treasury yields fell as inflation data showed continued easing and the US Federal Reserve moved closer to rate cuts. The markets are forecasting a high probability the US Fed will cut rates at the September meeting.

The 2-yr Treasury yield fell 42bps m/m to 4.29%, the 5-yr fell 36bps m/m to 3.97% and the 10-yr by 27bps m/m to 4.09%. They ended the month lower as the market is pricing in more confidence that the Fed will cut rates steadily, starting September. Markets now fully price the first rate cut for the September Fed meeting, followed by high odds of cuts at the following meetings for a total of three cuts through January of next year. Last month's U.S. labour market data was weaker than expected. The BLS nonfarm payrolls for July fell to 114k below the expected 175k, and June's 179k. Unemployment ticked up and remains relatively decent compared to prior cycles.

US investment-grade bond issuances were approximately \$92.2bn in July, the biggest July volume since \$123.0bn issued in 2017. Heavy issuance continued into July, which is generally a low supply month as supply is pulled forward due to the upcoming US presidential election. This environment presents an opportunity for investors to take advantage of higher yields while they last. Supply is expected to be tepid in H2-2024. This imbalance should put downward pressure on yields. Furthermore, the US Federal Reserve is expected to begin cutting rates in September due to slower economic data.

We continue to expect modest declines in US Treasury yields through year-end. We maintain our view that interest rates have peaked for this cycle, and attention has pivoted towards rate cuts in response to softer growth and easing inflation. Key risks to this outlook are that inflation fails to continue moderating as expected, weighing on asset prices. Another is that policymakers unsuccessfully manage the fight against inflation while supporting economies still struggling to gain traction. The 3rd major risk is that geopolitical flare-ups intensify around the world.

FUND FEATURES

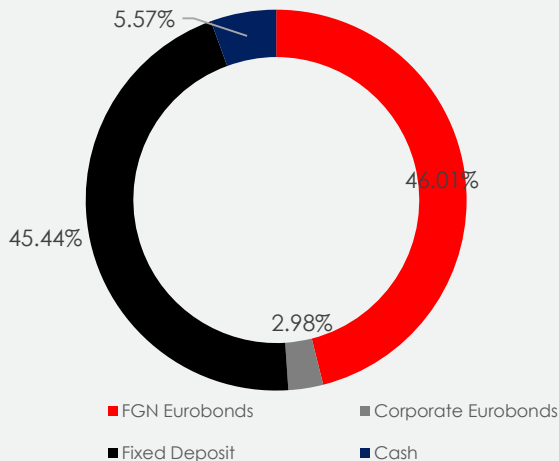
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2023
Fund Size (\$)	48,964Mn
NAV Per Share (\$)	1.1387
Minimum Investment(\$)	50,000
Additional Investment (\$)	1,000
Structure	Open Ended
Minimum Holding Period	180 days
Management Fee	2.00%
Total Expense Ratio*	2.3%
Benchmark	3-yr FGN sovereign Eurobond
Risk Profile	Medium
Investment Style	Income Oriented

* Inclusive of management fee; Returns are net of all fees

MATURITY PROFILE OF ASSETS

<1yr	50.31%
1-3yr	9.01%
3-5yr	21.00%
5-10yr	11.14%
>10yr	8.54%

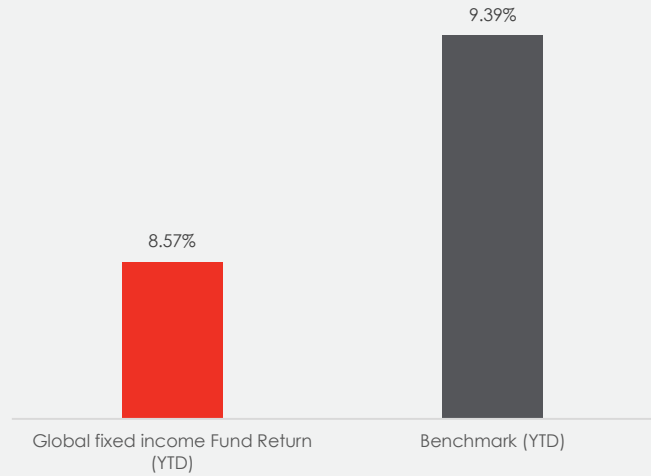
Current Portfolio Holdings



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%)

Global Fixed Income Fund Return Vs Benchmark (Annualized)



RETURN HISTORY

	Q1	Q2	Q3	Q4	FY 2023	2024 YTD
UCAP Global Fixed Income Fund	6.17%	11.29%	7.93%	9.10%	8.64%	8.57%
Benchmark	13.07%	9.83%	9.89%	8.43%	8.43%	9.39%

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

PERFORMANCE REVIEW

The United Capital Global Fixed Income Fund returned a year-to-date annualized return of 8.57%, compared to 8.30% in the previous month. Likewise, benchmark return rose from the previous month's 9.17% to 9.39% as market participants continue to be cautious in the Nigerian Eurobond market.

At the end of the month, US treasury yield declined on the back of inflationary and other macro economic data, indicating a slowdown in economic activities. The 2-yr Treasury yield fell 42bps m/m to 4.29%, the 5-yr fell 36bps m/m to 3.97% and the 10-yr by 27bps m/m to 4.09%. They ended the month lower as the market is pricing in more confidence that the Fed will cut rates steadily, starting September. Market participants continue to price in expectation of rate cuts, possibly in September and series of moderate rate cuts afterwards.

Our expectation is that the US Treasury yield will decline further through out the year, driven mostly by anticipated rate cut by the FED. Therefore, we expect to see increased interest in the SSA Eurobond space as investors shift towards high yield instruments in the region.

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 fund return.

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.

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



Diversify your investments with our Mutual Funds today.

Balanced Fund Equity Fund Fixed Income Fund Money Market Fund

Nigerian Eurobond Fund Sukuk Fund Wealth for Women Fund

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