

United Capital Nigerian Eurobond Fund

Mutual Funds Factsheet | July 2024

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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

Bearish sentiments have swept Nigeria's Eurobond market in recent months despite modest buy-interest in May-2024. In June 2024, average Eurobond yields rose 42bps m/m in June to 10.19% in the absence of any inflows, with the 5-yr (Mar-2029), 4-yr (Sep-2028) and 7-yr (Jan-2031) Eurobonds seeing the largest selloffs. However, in July-24, coupon payments totalling \$78.42mn inspired buy-interest in the middle of the curve. Nonetheless, sell-pressure on the short-end, particularly the 1-yr (Nov-2025) and 3-yr (Nov-2027) was sustained. Nigeria's all-time high 34.19% inflation, and other weak economic performance indicators have called for yield repricing in both the domestic debt capital market and the Eurobond market. Also, the slower-than-expected return of global inflation to target levels dampened hopes of sustainable US Dollar inflows to Eurobonds.

In August, we expect risk off sentiments towards Nigerian Eurobonds to continue to weigh on their prices. Nigeria still faces external liquidity problems and a heavy debt burden which do not inspire buy-interest given the tight global financial conditions with the US Fed yet to begin its easing cycle. However, there will be coupon payments totalling \$151.81mn in the middle of the month. This is expected to inspire more buy-interest as investors reinvest these funds.

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.

FUND FEATURES

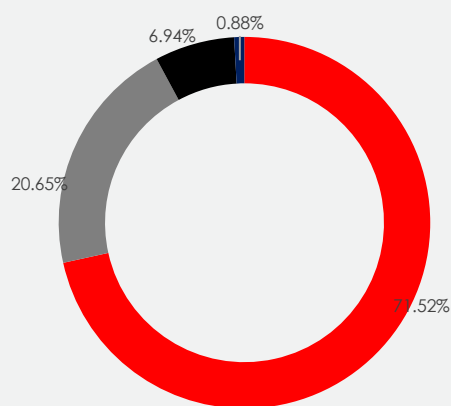
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	USD/2017
Fund Size (\$)	147.976m
NAV Per Share (\$)	128.16
Minimum Investment(\$)	1,000
Additional Investment (\$)	500
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.5%
Benchmark	Composite of 3-yr FGN sovereign Eurobond and 3mth US T-Bill
Risk Profile	Medium
Investment Style	Income Oriented

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

MATURITY PROFILE OF ASSETS

<1yr	7.89%
1-3yr	15.51%
3-5yr	3.69%
5-10yr	22.24%
>10yr	50.66%

Current Portfolio Holdings

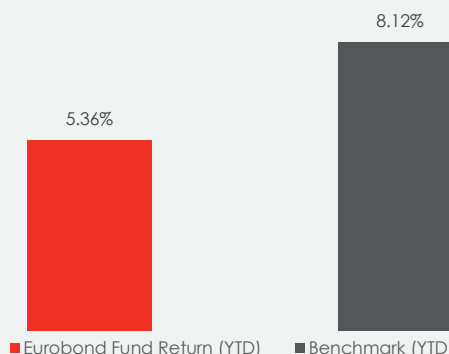


■ FGN Eurobonds ■ Corporate Eurobonds ■ Fixed Deposit ■ Cash

Governance Asset Allocation Ranges:

FGN Eurobonds (20%-80%); Corporate Eurobonds (20%-80%); Money Market placements (0% - 20%)

Eurobond Fund Return Vs Benchmark (Annualized)



RETURN HISTORY

	2019	2020	2021	2022	2023	2024 YTD
UCAP Nigerian Eurobond Fund	8.00%	7.10%	6.84%	5.73%	5.52%	5.36%
Benchmark	3.95%	2.17%	4.04%	8.91%	7.46%	8.12%

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

PERFORMANCE REVIEW

The United Capital Nigerian Eurobond Fund closed the month with an annualized year-to-date return of 5.36%, compared to 5.37% in the previous month. The benchmark return rose to 8.12% (8.06% in the previous month).

Bearish sentiment continue to dominate the Nigerian Eurobond space, with average yield rising by 42bps to 10.19%. Despite decline in yields across major markets, we see reduced interest in the Nigerian Eurobond space as global investors continue to shy away, mostly driven by the country's rising foreign debt ratio and other macro-economic variables. Nigeria still faces external liquidity problems and a heavy debt burden which do not inspire buy-interest given the tight global financial conditions with the US Fed yet to begin its easing cycle.

We expect yields to remain elevated in the Nigerian Eurobond space, as risk off sentiments towards Nigerian Eurobonds to continue to weigh on their prices. However, we do not expect further significant increase in yields across the curve. The Nigerian Eurobond market could benefit from declining yields in the global markets, as we expect some investors to tilt towards high yielding instruments in the SSA.

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.

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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

Account Name: MAINSTREET TRUSTESS/UNITED CAPITAL NIGERIAN EUROBOND FUND

Currency: USD

Bank: FCMB

Correspondent Bank: CITIBANK, New York, USA,
399 Park Avenue, New York, NY10043, U.S.A.

BIC/SWIFT ID:FCMBNGLAXXX

Intermediary BIC : CITIUS33XXX



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