

United Capital Sukuk Fund

Mutual Funds Factsheet | April 2025

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FUND OBJECTIVE

The objective of the fund is to provide investors with a low-risk investment with stable and competitive returns through investments in short, medium and long-term Sharia-Compliant securities and investment products, whilst ensuring the preservation of capital and maintaining a reasonable degree of liquidity.

The Fund aims to provide its Unitholders with halal profits on the growth of their capital over the long-term in accordance with the principles of Islamic finance.

MARKET REVIEW, OUTLOOK AND STRATEGY

The Debt Management Office (DMO) conducted the Apr-2025 bond auction with an offer size of N350.0bn across the reopened 2029 "5-YR" and 2033 "9-YR" bond papers. At the auction, investors' demand was mildly strong, as total subscriptions printed at N495.95bn, indicating an oversubscription of 1.42x. The bulk of the bids were skewed towards the longer instrument, "2033", which received total bids of N452.16bn. Notably, the DMO mildly over-allotted the auction, selling just N397.90bn worth of bond papers. That said, the marginal rate on the 2029s and 2033s remained unchanged at 19.00% and 19.99%, respectively

In the secondary market, we observed bearish sentiments in the market as investors reassessed market conditions and the direction of fixed-income market rates. Thus, average yields on sovereign bonds closed higher to print at 19.05% in Apr-2025, 34bps m/m up from the 18.71% print in Mar-2025.

Similarly, we observed sell-offs in corporate bonds, as average yields in Apr-2025 increased by 63bps m/m to close at 21.91% (previously 21.28% in Mar-2025). Likewise, the FGN Sukuk bonds closed bearish as average yields on Sukuk bonds climbed by 56bps m/m to close at 19.59% in Apr-2025 compared to the previous month's close of 19.03%.

Looking ahead to May 2025, we expect the cautious trading activities amongst investors in the bond market to persist as uncertainties towards rate direction linger, particularly keeping in view the neutral/dovish outlook of monetary policy in H1-2025. The major catalyst for interest rate direction in Q2-2025 is the outcome of the MPC's meeting, which will set the tone for a possible decline or upward trend of the yield curve. In the primary market, we foresee healthy participation in the FGN Bond auction as the Federal Government (FG) relies heavily on domestic borrowings to finance its recurrent expenditure. The government's reliance on the domestic debt market is due to the underwhelming revenue generation performance compared to the budget.

FUND FEATURES

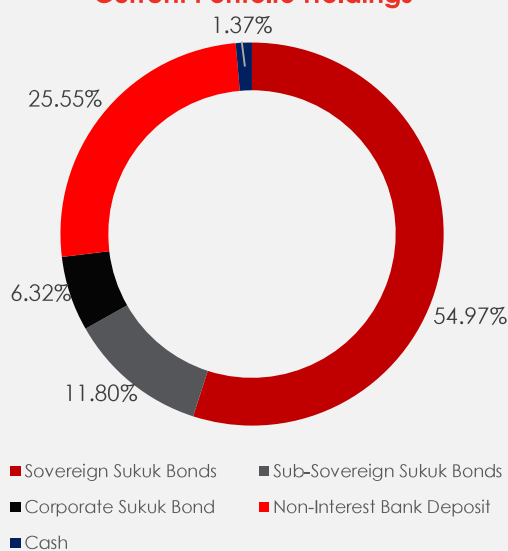
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	4.2bn
NAV Per Share (₦)	1.2583
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

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

MATURITY PROFILE OF ASSETS

<1yr	35.2%
1-3yr	14.8%
3-5yr	42.5%
5-10yr	7.4%
>10yr	0.00%

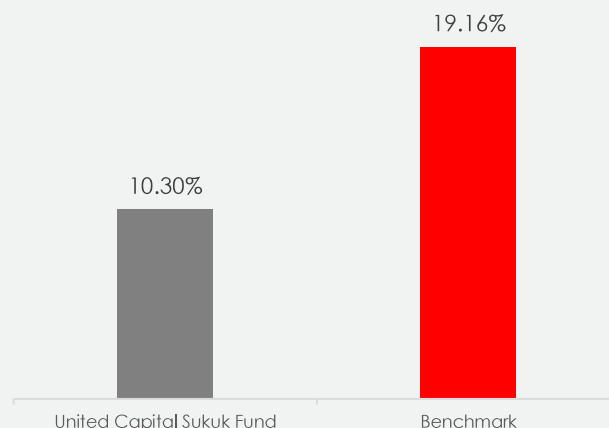
Current Portfolio Holdings



Governance Asset Allocation Ranges:

Non-Interest Bank Deposit (20%-40%); Sukuk Bond: (60%-80%)

Sukuk Fund Return Vs Benchmark (YTD)



RETURN HISTORY

	2021	2022	2023	2024	YTD 2025
United Capital Sukuk Fund	7.32%	7.23%	11.36%	10.02%	10.30%
Benchmark	9.88%	12.92%	13.20%	19.81%	19.16%

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

PERFORMANCE REVIEW

The United Capital Sukuk Fund annualized return for the month of April 2025 is 10.30% relative to the return of 19.16% posted by the benchmark for the same period.

The return can be attributed mainly to rental income and profit on the fund's bond holdings as well as non-interest bank deposits held during the period. There were also several maturities which were reinvested at higher profit rates and helped shore up the return of the fund.

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The Fund maintains sufficient exposure to Sukuk bonds, Non-Interest bank Deposits, Mudarabah, Murabaha and other Shariah-compliant contracts with significantly higher yields. We will maintain current allocation to enhance returns for the Fund.

WHY CHOOSE THE FUND?

- Not exposed to equities market volatility
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework
- Long term capital preservation and growth

INVESTMENT RISK

- Market Risks
- Macroeconomic instability
- Interest Rate Risk

HOW TO PARTICIPATE

1. Log in to our online platform www.investnow.ng
2. Click on **Sukuk Fund**
3. Click on "**Open and account**" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments

