

# United Capital Sukuk Fund

Mutual Funds Factsheet | December 2024

**Contact Us:**

Emmanuel Onoja | +234-703-583-3042 | [emmanuel.onoja@unitedcapital.com](mailto:emmanuel.onoja@unitedcapital.com)

Asset Management | +234-1-631-7876 | [assetmanagement@unitedcapital.com](mailto:assetmanagement@unitedcapital.com)



## 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 Dec-2024 bond auction with an offer size of N120.0bn across the 2029 and 2031 bond papers. At the auction, investors' demand was strong, as total subscriptions printed at N278.82bn. The bulk of the bids were skewed towards the longer instrument, "2031", which received total bids of N211.36bn.

Notably, the DMO over-allotted the auction, selling N211.14bn worth of bond paper. As a result, the marginal rate on the 2029 bond rose by 14bps to 21.14% (previously, 21.00%), while the marginal rate on the 2031 bond remained unchanged at 22.00%.

In the secondary market, we observed bearish sentiments across the curve, particularly at the mid- and long-end. The bonds maturing in 2029 saw the most sell-pressure with the yields on these instruments falling 88 – 140bps. This investment activity demonstrated the standoffish approach of investors towards duration-exposed instruments in the month. Thus, average yields on sovereign bonds rose to 19.75% in Dec-2024, 29bps m/m higher than the 19.46% print in Nov-2024.

**Looking ahead to January 2025, we expect bond yields to remain under pressure, particularly at the mid- to long-end of the curve, amidst weaker supply in the primary market, and investor's standoffish approach to long-term bonds. We expect N281.95bn in FGN Bond coupon payments. However, the outcome of the Monetary Policy Committee's meeting on the 27th and 28th of January 2025 will be a major determinant of market sentiment.**

**FUND FEATURES**

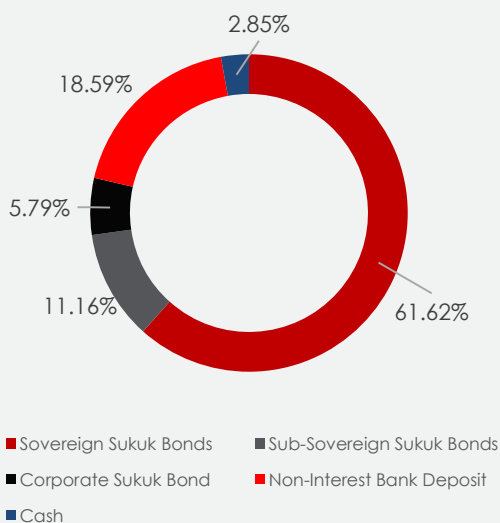
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	3.9bn
NAV Per Share (₦)	1.2184
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN 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	30.3%
1-3yr	16.8%
3-5yr	46.0%
5-10yr	7.0%
>10yr	0.00%

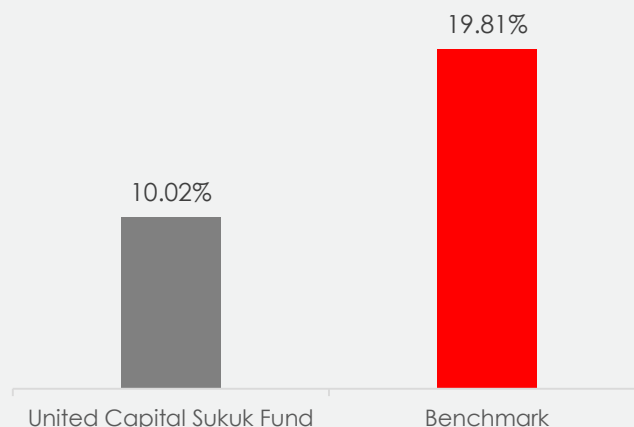
**Current Portfolio Holdings**



**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
United Capital Sukuk Fund	7.32%	7.23%	11.36%	10.02%
Benchmark	9.88%	12.92%	13.20%	19.81%

\*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 December 2024 is 15.98% while the annualized YTD return is 10.02% relative to the return of 19.81% posted by the benchmark for the same period.

The return can be attributed mainly to accrued coupons on bond holdings as well as accrued interest on money market instruments held in the fund during the period.

The month of December witnessed sell-offs in corporate bonds, as average yields increased by 31bps m/m to close at 23.11% (previously 22.80%). Similarly, the FGN Sukuk bonds closed bearish as average yields on Sukuk bonds climbed by 60bps m/m to close at 20.29% compared to the previous month's close of 19.69%.

Looking ahead to January 2025, we expect bond yields to remain under pressure, particularly at the mid- to long-end of the curve, amidst weaker supply in the primary market, and investor's standoffish approach to long-term bonds.

The Fund maintains sufficient exposure to FGN Sukuk, money market instruments and sub-sovereign and corporate Sukuk with significantly higher yields. We will maintain current allocation to enhance returns for the Fund.

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?

- 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](http://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

