

United Capital Sukuk Fund

Mutual Funds Factsheet | January 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 DMO conducted January's bond auction with total offering of N450.00bn, across the 2029s (N100.00bn), 2031s, (N150.00bn) and 2035s (N200.00bn). The auction was met with decent demand, with total bids amounting to N669.94bn, implying a bid-to-cover ratio of 1.49x.

The CBN opted to oversell the auction, selling papers to the tune of N606.46bn. Ultimately, marginal rates on the papers printed at 21.79%, 22.50% and 22.60% respectively.

In the secondary market, we observed bearish sentiments as investors remained cautious and lacklustre toward duration exposure. As a result, average yields on sovereign bonds rose to 20.69% in Jan-2025, 94bps m/m higher than the 19.75% print in Dec-2024.

Looking ahead to February 2025 we expect the cautious trend in the bonds market to persist as investors remain attracted to the elevated rates at the shorter end of the yield curve. This situation is expected to persist given the inverted yield curve. That said, we expect coupon payments to the tune of N216.76bn to hit the system in the month under review. We anticipate that investors will have a bias for reinvesting coupon received, however, it will not be sufficient to transform the lacklustre sentiment toward duration exposure, particularly owing to the elevated levels of short-term rates. Additionally, the Monetary Policy Committee is expected to meet 17 & 18 February 2025.

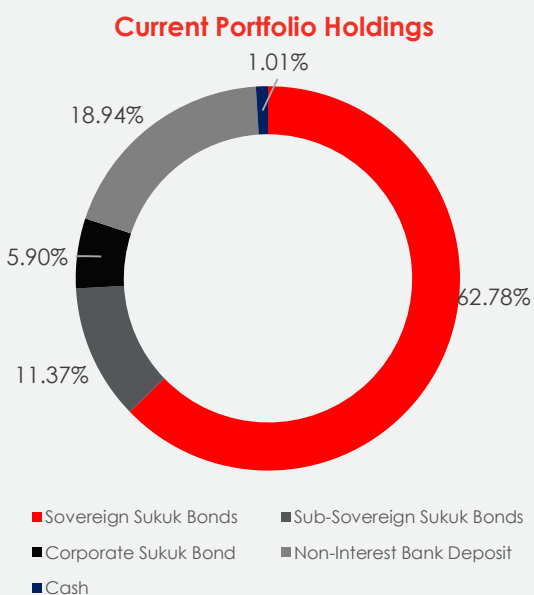
FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	3.8bn
NAV Per Share (₦)	1.2249
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

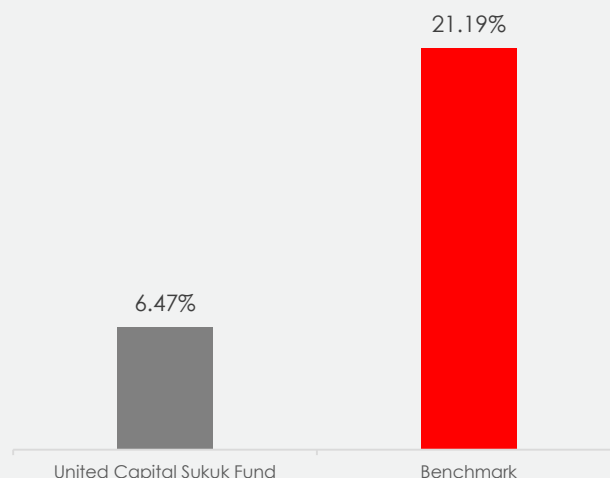
<1yr	31.7%
1-3yr	16.6%
3-5yr	45.5%
5-10yr	6.2%
>10yr	0.00%



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	Jan-25
United Capital Sukuk Fund	7.32%	7.23%	11.36%	10.02%	6.47%
Benchmark	9.88%	12.92%	13.20%	19.81%	21.19%

*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 January 2025 is 6.47% while the annualized YTD return is 6.47% relative to the return of 21.19% 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.

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Looking ahead to February 2025 we expect the cautious trend in the bonds market to persist as investors remain attracted to the elevated rates at the shorter end of the yield curve. This situation is expected to persist given the inverted yield curve.

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.

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



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