

United Capital Sukuk Fund

Mutual Funds Factsheet | June 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 June 2025 bond auction with an offer size of N100.0bn across the reopened 2029 ("5-YR") and a newly opened 2032 ("7-YR") bond papers. At the auction, investors' demand was strong, with total subscriptions amounting to N602.86bn, indicating an oversubscription of 6.03x. Demand was largely skewed toward the longer-dated 2032 instrument, which attracted bids totaling N561.17bn. Notably, the DMO sold just the amount on offer. That said, the marginal rates on the 2029 paper declined by 1.23% points from 18.98% to settle at 17.75%. Meanwhile, the marginal rate on the newly opened 2032 paper settled at 17.95%.

In the secondary bond market, we observed bullish sentiments amongst investors spurred by the decline in rates at the primary market auction. Additionally, unmet bids from the auction trickled into the secondary market, driving yields lower. Thus, average yields on sovereign bonds closed lower to print at 18.38% in Jun-2025, 0.46% points m/m down from the 18.84% print in May-2025.

In the same vein, we observed buy interests in corporate bonds, as average yields in Jun-2025 declined by 0.56% points m/m to close at 21.24% (previously, 21.80% in May-2025). Likewise, the FGN Sukuk bonds market closed bullish as average yields on Sukuk bonds fell by 0.06% points m/m to close at 19.20% in Jun-2025 compared to the previous month's close of 19.26%.

Looking ahead to July, we expect the fixed income market to sustain its bullish momentum. This outlook hinges on the downward pressure on rates in the fixed-income market and the need to stay ahead of current yields. The significant oversubscription (as seen at the auction) suggests a strong investor appetite for longer-duration instruments, particularly amidst expectations of stable or lower yields. 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 expenditures. The government's reliance on the domestic debt market is due to the underwhelming revenue generation performance compared to the budget.

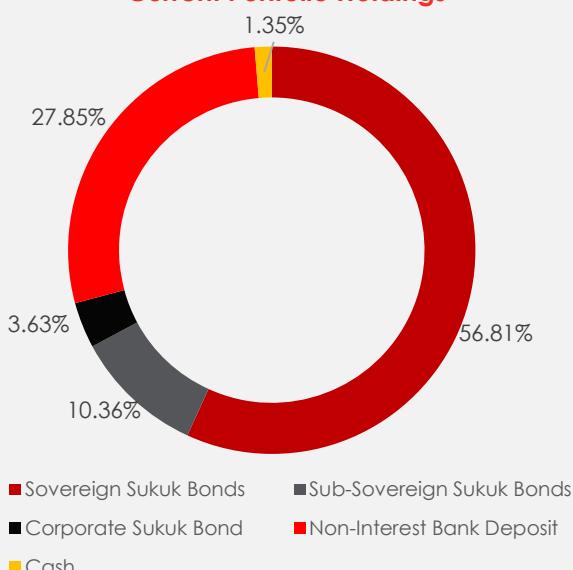
FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	4.2bn
NAV Per Share (₦)	1.1574
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

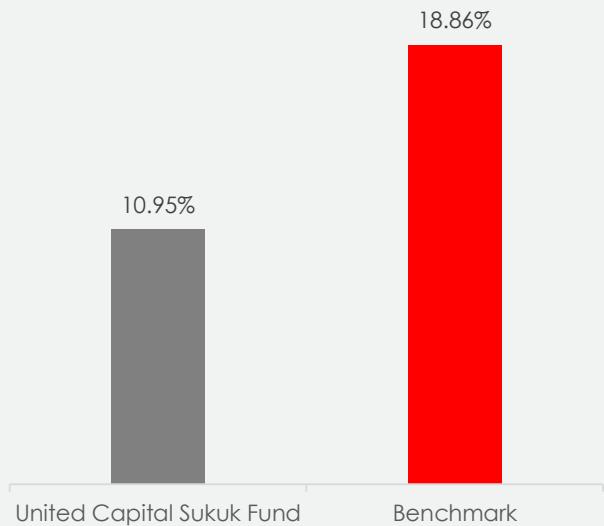
* Inclusive of management fee; Returns are net of all fees

MATURITY PROFILE OF ASSETS

<1yr	38.2%
1-3yr	15.2%
3-5yr	15.0%
5-10yr	31.5%
>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%	10.95%
Benchmark	9.88%	12.92%	13.20%	19.81%	18.86%

*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 June 2025 is 10.95% relative to the return of 18.75% 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.

Looking ahead to July, we expect the fixed income market to sustain its bullish momentum. This outlook hinges on the downward pressure on rates in the fixed-income market and the need to stay ahead of current yields. 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 expenditures.

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



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