

United Capital Sukuk Fund

Mutual Funds Factsheet | March 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 Nov-2024 bond auction with an offer size of N120.0bn across the reopened 2029 and 2031 bond papers. At the auction, investors' demand was strong, as total subscriptions printed at N369.59bn. The bulk of the bids were skewed towards the longer instrument, "2031", which received total bids of N294.03bn. Notably, the DMO over-allotted the auction, selling N346.16bn worth of bond paper. As a result, the marginal rates on the 2029s and 2031s climbed by 25bps and 26bps, settling at 21.00% and 22.00%, respectively (previously, 20.75% and 21.74%).

In the secondary market, we observed bearish sentiments in the market as the uptick in primary market rates (during the month) casted a shadow of doubt/uncertainty amongst investors. This is because of the dovish outlook for rates in the fixed-income market in H1-2025. Thus, average yields on sovereign bonds closed higher to print at 18.71% in Mar-2025, 18bps m/m up from the 18.53% print in Feb-2025.

Similarly, we observed mild sell-offs in corporate bonds, as average yields in Mar-2025 increased marginally by 4bps m/m to close at 21.28% (previously 21.24% in Feb-2025). Likewise, the FGN Sukuk bonds closed bearish as average yields on Sukuk bonds climbed by 18bps m/m to close at 19.03% in Mar-2025 compared to the previous month's close of 18.85%.

Looking ahead to April 2025, we expect the cautious trend in the bonds market to persist as investors remain attracted to the interest rates at the shorter end of the yield curve, particularly keeping in view the neutral/dovish outlook of monetary policy in H1-2025. Thus, we expect bond yields to remain around current levels in April with a possibility of inching slightly. 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

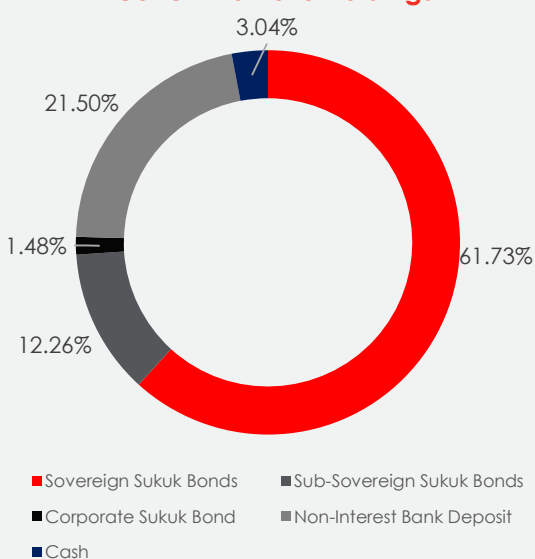
| Fund Manager | United Capital Asset Management Ltd |
|---------------------------|-------------------------------------|
| Base Currency/Start Year | Naira/2020 |
| Fund Size (₦) | 4bn |
| NAV Per Share (₦) | 1.2410 |
| Minimum Entry (₦) | 10,000 |
| Additional Investment (₦) | 5,000 |
| Structure | 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 | 32.4% |
| 1-3yr | 16.1% |
| 3-5yr | 45.3% |
| 5-10yr | 6.2% |
| >10yr | 0.00% |

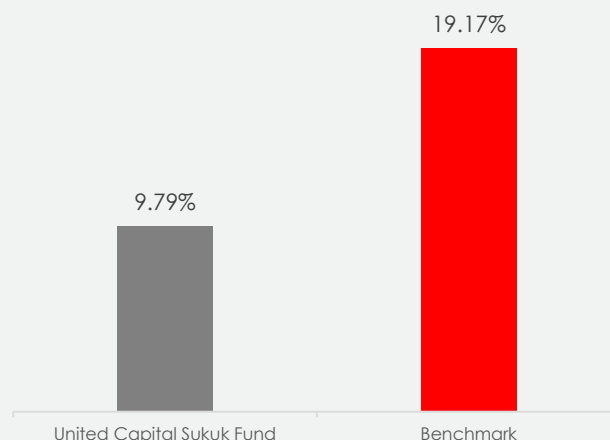
Current Portfolio Holdings



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% | 9.79% |
| Benchmark | 9.88% | 12.92% | 13.20% | 19.81% | 19.17% |

*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 March 2025 is 9.79% relative to the return of 19.17% 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. There were also several maturities which were reinvested at higher rates and helped shore up the return of the fund.

The DMO conducted March's bond auction with yields moderating across several maturities. Several matured bond assets were also reinvested at slightly higher rates which helped average down the cost portion of bond assets on the fund as the fund got a better pricing for new purchase during the month.

Looking ahead to April 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 despite recent drops. We also expect payments from coupons and interests from Fixed deposit to help reposition the fund for better performance.

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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