

# United Capital Sukuk Fund

Mutual Funds Factsheet | May 2025

## Contact Us

Philip Ndunaka | +234-703-192-1664 | [philip.ndunaka@unitedcapital.com](mailto:philip.ndunaka@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 May 2025 bond auction with an offer size of N300.0bn across the reopened 2029 ("5-YR") and 2033 ("9-YR") bond papers. Investor demand was moderately strong, with total subscriptions amounting to N436.41bn, indicating an oversubscription of 1.45x. Demand was largely skewed toward the longer-dated 2033 instrument, which attracted bids totalling N419.96bn. Notably, the DMO slightly over-allotted the auction, selling N300.69bn worth of bonds. That said, the marginal rates on the 2029 and 2033 papers declined by 2bps and 14bps from 19.00% and 19.99% to print at 18.98% and 19.85%, respectively.

In the secondary market, we observed bullish sentiments, given the excess liquidity in the financial system and the decline in rates at the primary market auction. Thus, average yields on sovereign bonds closed lower to print at 18.84% in May-2025, 21bps m/m down from the 19.05% print in Apr-2025. Similarly, we observed buy interests in corporate bonds, as average yields in May-2025 fell by 11bps m/m to close at 21.80% (previously 21.91% in Apr-2025).

The Federal Government offered a total of N300.00bn worth of 7-YR "2032" Ijarah Sukuk bonds at the rental rate 19.75%. The auction was met with significant demand, as total subscription printed at N2.21tn, signaling strong investors' confidence in the market. As a result, the FGN Sukuk bonds closed bullish in the secondary market supported by the increased demand for Sukuk bonds at the primary market. Average yields on Sukuk bonds climbed by 33bps m/m to close at 19.26% in May-2025 compared to the previous month's close of 19.59%.

**Looking ahead to June 2025, we expect the buying interest amongst investors in the secondary bond market to persist, particularly at the shorter end of the curve. This outlook hinges on investors seeking to lock in on current rates as rates continue to decline. 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

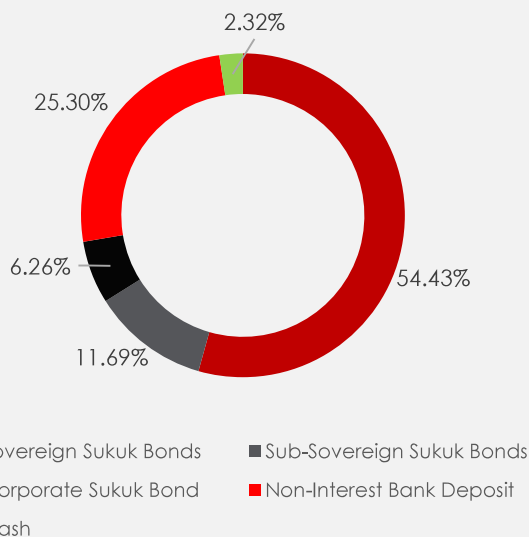
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	4.2bn
NAV Per Share (₦)	1.2693
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN 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	36.7%
1-3yr	15.7%
3-5yr	31.1%
5-10yr	16.4%
>10yr	0.00%

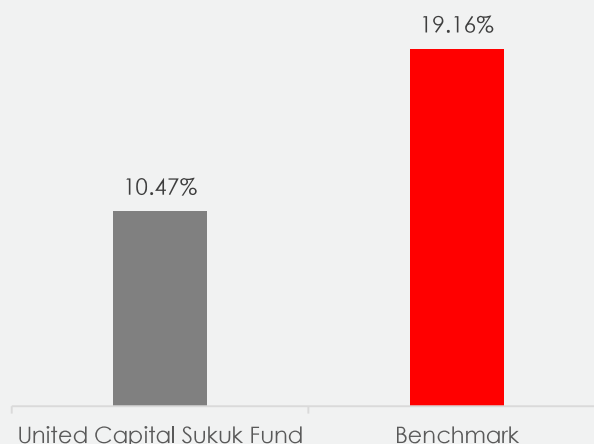
## Current Portfolio Holdings



### 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%	10.47%
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 May 2025 is 10.47% 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.

Looking ahead to June 2025, we expect the buying interest amongst investors in the secondary bond market to persist, particularly at the shorter end of the curve. This outlook hinges on investors seeking to lock in on current rates as rates continue to decline. 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](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

