

United Capital Sukuk Fund

Mutual Funds Factsheet | September 2024

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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 Sept-2024 bond auction with an offer size of N150.0bn across the reopened 2029, 2031, and 2033 bond papers. At the auction, investors' demand was strong, as total subscriptions printed at N414.9bn, indicating an oversubscription rate of 2.8x. The bulk of the bids were skewed towards the longest tenor instrument, "2033", which received total bids of N337.3bn.

Notably, the DMO over-allotted the auction, selling a total of N264.5bn worth of bond papers. As a result, the marginal rates on the 2029s, 2031s, and 2033s declined by 130bps, 91bps, and 145bps to settle at 19.00%, 19.99%, and 20.05%, respectively.

In the secondary market, we observed buy interest as investors looked to fulfill their unmet bids following the outcome of September's bond auction. The excess demand at the auction trickled into the secondary market.

Consequently, average yields on sovereign bonds declined by 19bps to print at 18.77% (previously 18.96%). In tandem, we observed buy-interest in corporate bonds as average yields at the end of Sept-2024 declined by 19bps m/m to close at 21.66% (previously 21.85%).

Conversely, the FGN Sukuk bonds closed bearish as average yields on Sukuk bonds inched by 9bps m/m to close at 19.30% compared to the previous month's close of 19.21%.

Looking ahead into October 2024, we expect bond yields to remain under down-pressure, particularly influenced by weaker supply at the primary market level. However, the +50bps hike will look to fuel mild bearish strides but will be short-lived. Ultimately, the FG's cautious approach toward its cost of funds will look to underpin our prognosis for bond yields in October.

FUND FEATURES

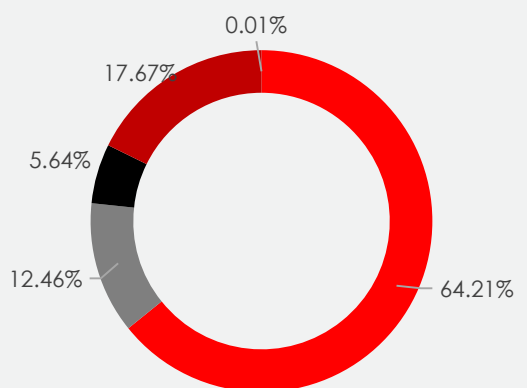
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	3.9bn
NAV Per Share (₦)	1.1852
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN 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	17.70%
1-3yr	41.40%
3-5yr	35.30%
5-10yr	5.60%
>10yr	0.00%

Current Portfolio Holdings

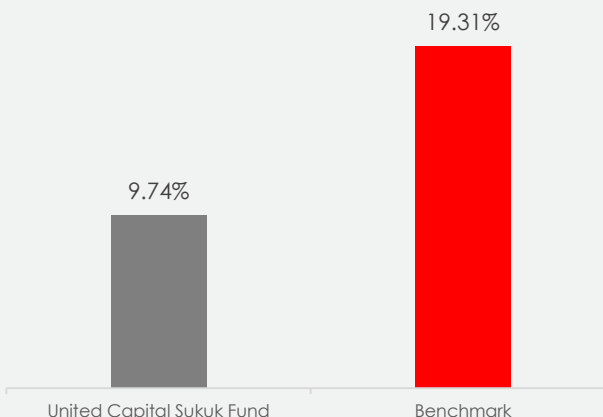


- Sovereign Sukuk Bonds
- Sub-Sovereign Sukuk Bonds
- Corporate Sukuk Bond
- Non-Interest Bank Deposit
- Cash

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%	9.74%
Benchmark	9.88%	12.92%	13.20%	19.31%

*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 September 2024 is 10.09% while the annualized YTD return is 9.74% relative to the return of 19.31% 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 September witnessed an increase in yields as average yields on Sukuk bonds inched by 9bps m/m to close at 19.30% compared to the previous month's close of 19.21%. In line with the hawkish stance of the monetary authority, we expect the bearish sentiment to persist.

We expect more Sukuk issuances to take place in the coming months given the 100bn FGN Sukuk maturity in September. We would continue to watch out for attractive sukuk offers to boost return.

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
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

