

United Capital Sukuk Fund

Mutual Funds Factsheet | April 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 Apr-2024 FGN bond auction, with an offer size of N450.0bn across the newly open 2029s (5-YR paper), and the reopened 2031s (7-YR paper) and 2034s (10-YR paper). At the auction, investors' demand was significantly strong, with total subscription printing at N920.1bn, implying an oversubscription of 2.0x.

Notably, the DMO oversold the auction by 1.4x, allotting a total of N626.8bn worth of papers. Irrespective of the CBN overselling the auction, the marginal rates on the reopened 2031 and 2034 paper fell by 25bps and 45bps from 20.00% and 20.45% to settle at 19.75% and 20.00%, respectively. Meanwhile, the marginal rate on the newly opened 2029 paper printed at 19.30%.

In the secondary market, we observed buy interest as investors strong demand at primary market levels trickled in. Thus, average yields on sovereign bonds declined to print at 18.94% in Apr-2024, indicating a 47bps m/m decrease from the 19.41% print in Mar-2024. In tandem, we observed buy-interest in corporate bonds as average yields at the end of Apr-2024 declined by 49bps m/m to close at 20.90% (previously 21.39%). Similarly, the FGN Sukuk bonds closed bullish as average yields on Sukuk bonds declined by 16bps m/m to close at 19.45% compared to the previous month's close of 19.61%.

Looking ahead into May-2024, we expect bond yields to trend northwards as bearish investors' sentiments resurface. This is underpinned by concerns about the nation's fiscal health and the efficacy of its monetary policy. Also, the hawkish stance of the MPC will keep rates elevated in the fixed-income market.

FUND FEATURES

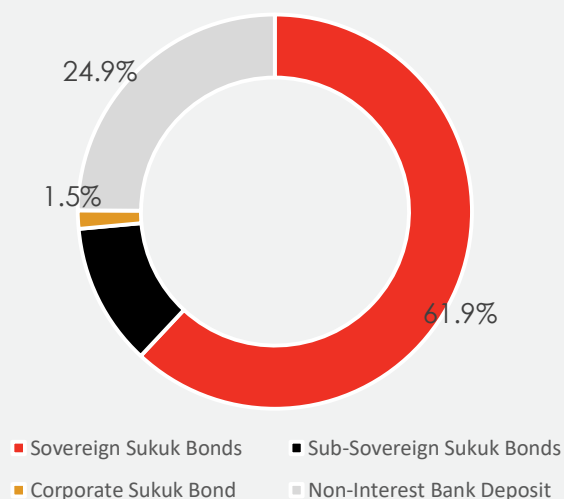
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	4.3bn
NAV Per Share (₦)	1.2166
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN 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	31.19%
3-5yr	15.06%
5-10yr	53.75%
>10yr	0.00%

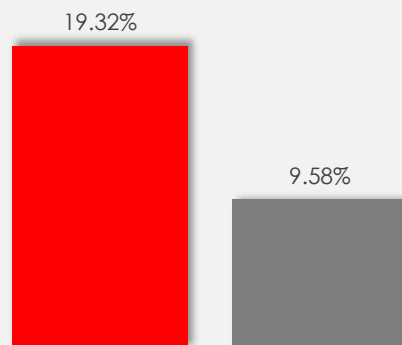
Current Portfolio Holdings



Governance Asset Allocation Ranges:

Non-Interest Bank Deposit (20%-40%); Sukuk Bond: (60%-80%)

Sukuk Fund Return Vs Benchmark (YTD)



■ Benchmark (YTD) ■ Sukuk Fund Return (YTD)

RETURN HISTORY

	2021	2022	2023	2024 YTD
United Capital Sukuk Fund	7.32%	7.23%	11.36%	9.58%
Benchmark	9.88%	12.92%	13.20%	19.32%

*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 April 2024 is 9.46% for the month of March 2024 and an annualized YTD return of 9.58%, relative to the return of 19.32% posted by the benchmark for the same period.

The return can be attributed mainly to accrued interest on money market securities held in the fund for this period.

The month of April witnessed a passthrough effect of policies made by the monetary authority in the first quarter of the year. This continue to affect yields across the different ends of the curve as well as the activities of the DMO at bond auctions. Consequently, we still see elevated yield levels across the different maturities in the bonds market.

Due to the recent attraction to Sukuk funds, we expect more issuances to take place in the coming months. 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



Diversify your investments with our Mutual Funds today.

Balanced Fund Equity Fund Fixed Income Fund Money Market Fund

Nigerian Eurobond Fund Sukuk Fund Wealth for Women Fund