

United Capital Sukuk Fund | Monthly Fact Sheet



December-21

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

At the December bond auction, the DMO sold a total of N98.8bn, compared with the N100.0bn on offer across the two bond offerings (2026s & 2037s). Investor demand was skewed towards the 2037s which recorded a bid-to-cover ratio of 2.0x, while the 2026s was undersubscribed at 0.5x. Overall, the auction received a total bid of N132.6bn implying a bid-cover ratio of 1.3x. The marginal rate on the 2026s was unchanged from the previous auction at 11.65%, while the marginal rate on the 2037s rose by 15bps to close at 13.10% (previously 12.95%).

In the Sukuk segment of the bonds market, the Debt Management Office (DMO) offered to sell N250.0bn worth of Ijarah Sukuk bond with a 10-year tenor at an interest rate of 12.8%. Investor's demand was high as the auction was oversubscribed by 3.5x, receiving a total subscription level of N865.0bn. In the secondary market, proceedings followed the tune of the broader bonds market, closing mainly bearish as average yield on FGN Sukuk instruments increased by 25bps m/m to close at 11.1% at the end of December.

In the coming month, we expect mild bearish sentiment in the bonds market to prevail as investors continue to sit on the sidelines due to expectations of higher yields in later months in 2022. Investors await the CBN's monetary policy meeting as well as the DMO's auction calendar which would indicate the level of aggressiveness from the FGN for bond issuances. Both events would provide better clarity on the direction of yields

Contact Us:

Emmanuel Akehomen | +234-703-180-3064
emmanuel.akehomen@unitedcapitalplcgroup.com
 Asset Management | +234-1-631-7876
mutualfunds@unitedcapitalplcgroup.com

The United Capital Sukuk Fund is regulated by the Securities & Exchange Commission

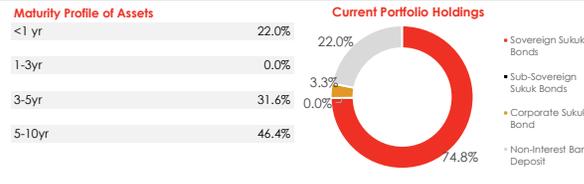
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (N)	1.8bn
NAV Per Share (N)	1.0732
Minimum Entry (N)	10,000
Additional Investment (N)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.29% for the month of December and 7.32% for Full year 2021, relative to a 9.88% posted by the benchmark for the same period.

The Treasury Bonds secondary market remained tepid with mixed sentiments following the persistently lower demand as investors opted for non-sovereign instruments. During the month, we saw the FGN issue a 10yr Sukuk bond at a yield of 13%. In the short term, we expect yields to oscillate around current levels, driven by the deliberate efforts by the DMO to reduce domestic borrowing costs for the government.

The portfolio remains invested in FGN Sukuk Bonds with significantly higher yields. We will maintain current allocation to enhance yield income for the Fund.



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

Governance Asset Allocation Ranges:

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

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 Risks

- Market risk
- 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

Return History

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
United Capital Sukuk Fund	5.65%	5.32%	13.72%	16.71%	11.74%	10.91%	9.90%	9.14%	8.55%	8.03%	7.32%
Benchmark	6.79%	8.26%	11.23%	12.19%	11.62%	11.12%	10.05%	9.24%	9.87%	9.48%	9.88%

* Represents the Fund's Annualized Return vs the Benchmark's Annualized Return

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.