

United Capital Sukuk Fund | Monthly Fact Sheet



September-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 FGN Bond Auction for the month of August 2021, the DMO offered N150bn to the market, however, it oversold bills to the tune of c N2770bn. Stop rates for the 2028s and 2036s were unchanged from the last auction, closing at 11.60% and 12.75% respectively, while the only surprise came at the long end (the 2050s), which closed at 13.00%, representing a 20bps spike from last month's auction. Investor demand was strong as all bonds on offer were oversubscribed with the 2028s, 2036s and 2050s recording subscriptions rate of 1.21x, 1.15x and 1.69x respectively.

In the secondary market, following the sudden spike in yields at the bond auction, investors sold off their bond positions across all tenors on the average yield on the curve rose .by 5bps m/m to 11.3% from 11.2% in the previous month. In the corporate segment, average yield simultaneously declined by 43ps m/m to 11.5% from 11.9%.

In the Sukuk segment of the bonds market, proceedings juxtaposed against the broad based sell-off in the fixed income market' as the average yield on FGN Sukuk instruments declined 48bps m/m to close at 10.2% at the end of August.

In the coming month, we expect activities in the secondary bonds market to remain quiet as investors continue to seek guidance for rates following the uncertain interest environment. However, going by the recent trend at the PMAs at the end of Sep-2021 coupled with the increased perception of liquidity shortages on the path of the FGN, we expect yields to a spike in the primary market, leading to bearish sentiment in the secondary market thereafter.

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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 (₦)	1.9bn
NAV Per Share (₦)	1.064
Minimum Entry (₦)	10,000
Additional Investment (₦)	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 0.28% for the month of August and an annualised return of 9.14%, relative to the annualized return of 9.24% posted by the benchmark for the same period.

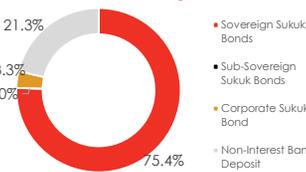
The Treasury Bonds secondary market traded with mixed sentiments, albeit with bullish bias, as inflows from bond coupon payments supported demand levels despite sell pressures observed after the slight uptick in bond and NTB auction stop rates.

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

Maturity Profile of Assets

<1 yr	22.5%
1-3yr	0.0%
3-5yr	28.0%
5-10yr	49.5%

Current Portfolio Holdings



* 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
United Capital Sukuk Fur	5.65%	5.32%	13.72%	16.71%	11.74%	10.91%	9.90%	9.14%
Benchmark	6.79%	8.26%	11.23%	12.19%	11.62%	11.12%	10.05%	9.24%

*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.