

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 Shari'a-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 January's bond auction, the DMO sold ₦170.6bn worth of bonds, exceeding its ₦150bn offer across tenors (reissued 2026s, and newly issued 2049s). Strong investor appetite led to oversubscription with bid-cover ratio printing at 2.2x. Subsequently, marginal rates at the auction closed 15bps lower to 11.5% for the 2026s, while the 2049 (new issue) closed at 13.0%. The decline in the stop rates reflects robust demand for bonds in January as investors sought to reinvest huge bond maturities and coupon payments totalling ₦822.6bn.

In the Sukuk segment of the bonds market, proceedings were mainly bullish as average yield on FGN Sukuk instruments declined 47bps m/m to close at 10.7% at the end of January.

In the coming month, we anticipate a change in tide at the bonds market with bearish sentiments expected to dominate market proceedings. In February, total sovereign bond related maturities would print at ₦66.8bn, signifying tighter liquidity at the long end of the curve. Given that we expect the DMO to remain aggressive in raising funds, the tight liquidity at the long end of the curve should force the DMO to raise rates at the February bond auction and that could trigger selloffs in the secondary market.

Contact Us:

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

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

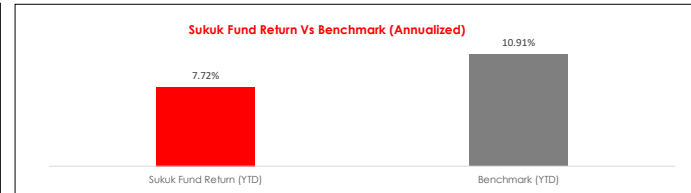
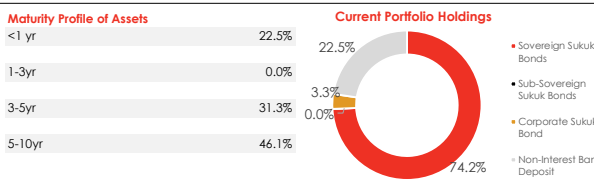
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	1.8bn
NAV Per Share (₦)	1.08
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.63% for the month of January and an annualised return of 7.72%, relative to the annualized return of 10.91% posted by the benchmark for the same period.

The Treasury Bonds secondary market remained bearish following the maturity of Jan-2022 bond which improved system liquidity. Average yields declined at the mid and long tenor as buying interest increased. In the mid-term, we expect frontloading of significant borrowings for the year to result in an uptick in bond yields as investors demand higher yields in the face of elevated supply.

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

	2021	Jan-22
United Capital Sukuk Fund	7.32%	7.72%
Benchmark	9.88%	10.91%

*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.