

United Capital Sukuk Fund | Monthly Fact Sheet

February-22



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 a bond auction at the February bond auction to sell ₦150.0bn worth of bonds across the 2026s and 2042s. The auction received strong investors' interest with total bids worth ₦557.7bn, implying a bid-to-cover ratio of 3.7x. The DMO elected to oversell at the auction, selling ₦297.4bn, almost 2.0x its offer. The marginal rate on the 2026s offering fell 55bps to 10.95% from 11.50% at the previous auction, while the 2042s was unchanged at 13.0%.

At the secondary market, activities were broadly bullish as investors bet on expectations of lower yields ahead of March, prompting heavy buy interest. Their interest was prominent at the belly of the yield curve, with the short to intermediate tenor bonds shedding 73bps m/m and 81bps m/m on average. For context, the average yield at the tail end of the curve fell 40bps, indicating that investors are wary of duration risk in the long term. Overall, the average yield in the sovereign debt market fell 59bps m/m to print at 11.1% in February. In the corporate segment of the market, the average yield dropped by 79bps m/m to 11.0% from 11.8%.

In the Sukuk segment, proceedings followed the bullish posture of the broad fixed income market as the average yield on FGN Sukuk instruments fell 103bps m/m to close at 9.6% at the end of February.

In the coming month, we expect to see sustained bullish sentiments in the bonds market. We expect coupon inflows (expected to print at ₦335.1bn) in March would support a further aggressive position in bonds, particularly at the belly of the curve.

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

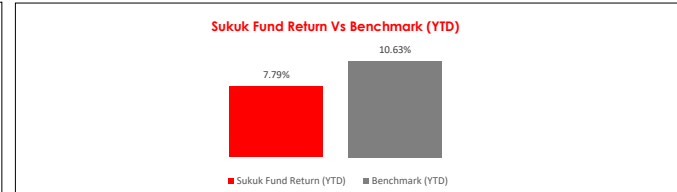
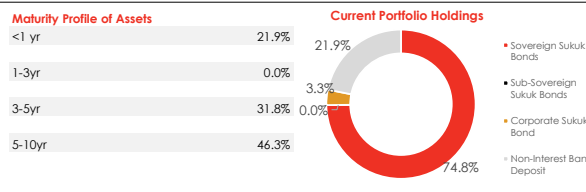
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	1.8bn
NAV Per Share (₦)	1.0863
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.58% for the month of February and an annualized return of 7.79%, relative to the annualized return of 10.63% posted by the benchmark for the same period.

The Treasury Bonds secondary market remained bearish as net maturities kept the system liquid. Average yields declined across tenors as buying interest increased. In the medium 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

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

Investment Risks

- Market risk
- Macroeconomic instability
- Interest Rate Risk

Return History

	2021	Jan-22	Feb-22
United Capital Sukuk Fund	7.32%	7.72%	7.79%
Benchmark	9.88%	10.91%	10.63%

*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.