

United Capital Sukuk Fund | Monthly Fact Sheet



March-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

In March, the Debt Management Office (DMO) conducted a bond auction to sell N150.0bn worth of bonds across the 2026s and 2042s. The auction received strong investor interest with total bids worth N598.4bn, implying a bid-to-cover ratio of 4.0x. The DMO elected to oversell at the auction, selling N296.4bn, almost 2.0x of offer size. The marginal rate on the 2026s and 2042s offerings fell 80bps and 30bps to 10.15% and 12.70% respectively.

At the secondary market, activities remained mildly bullish, bolstered by the significant system liquidity. Increased liquidity pressures from coupon inflows of around N335bn drove sovereign bond market yields southward. Investor interest was concentrated at the tail-end of the curve. Overall, the average yield in the sovereign debt market fell 34bps m/m to print at 10.7% in March. At the corporate segment, average yields fell, down by 41bps m/m to 10.6%.

At the Sukuk segment of the bonds market, proceedings followed the bullish posture of the broader fixed income market as the average yield on FGN Sukuk instruments fell by 4bps m/m to close at 9.6% at the end of March.

We expect to see sustained bearish sentiments in the bonds market in the coming month. With system liquidity expected to be less robust in April, we anticipate an uptick in rates at April's primary market auction. We also foresee a sell-off at the secondary bond market as investors are expected to adopt a wait and see approach. However, incoming liquidity in the form of coupon payments offers some respite to the market

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

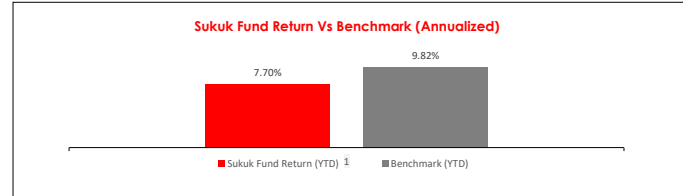
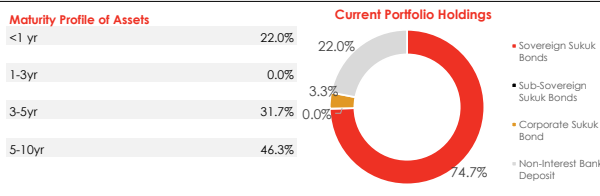
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (N)	1.9bn
NAV Per Share (N)	1.093
Minimum Entry (N)	10,000
Additional Investment (N)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.62% for the month of March and an annualised Year to date ("YTD") return of 7.70%, relative to the annualized return of 9.82% 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

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	Feb-22	Mar-22
United Capital Sukuk Fund	7.32%	7.72%	7.79%	7.70%
Benchmark	9.88%	10.91%	10.63%	9.82%

¹ 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.