

United Capital Sukuk Fund | Monthly Fact Sheet

May-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 halat 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 May, the Debt Management Office (DMO) conducted its May FGN bond Auction with the following instruments on offer; MAR 2025, APR 2032 and FGN JAN 2042. At the auction, investor demand was relatively healthy as 2025, 2032, and 2042 instruments were oversubscribed with bid-to-cover ratios of 1.68x, 1.53x and 4.46x, respectively.

The marginal rates on the 2042s crawled northwards, inching upwards by 10bps to print at 13.00%. The 2025s maintained its marginal rate to print at 10.00%, while the marginal rate for the 2032 instrument declined by 5bps to print at 12.45%. The DMO oversold by 68.00% allocating N378.41bn against the N225bn on offer 33.15bn (8.76%) of the total sales were to non-competitive bidders.

Mixed sentiments dominated the secondary market, with the bulk of the trading activity around the auction papers. Investor interest was dominant across the tail-end of the curve as market participants sought to cover and rebalance their portfolio positions. Average yields printed at 11.2% for the month and an 8bps increase m/m. Approximately N23bn worth of coupon payments came into the system, having a negligible impact on the system liquidity. For corporate bonds, month-end average yields declined 17bps m/m to close at 11.13%.

The FGN Sukuk bonds traded in tandem with the other fixed-income secondary markets with a 16bps m/m increase to close at 10.3% at the end of May.

We expect to see bearish sentiments in the bonds market in June, on the back of the increase in MPR and the sparse system liquidity in June. We also expect to observe cherry-picking of bond instruments, as investors will only begin to show interest in bonds when they reach their preferred yields.

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

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.

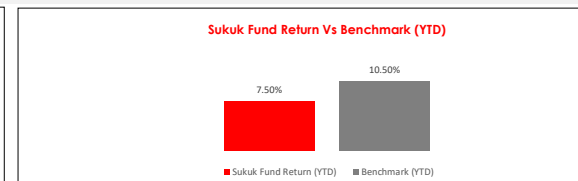
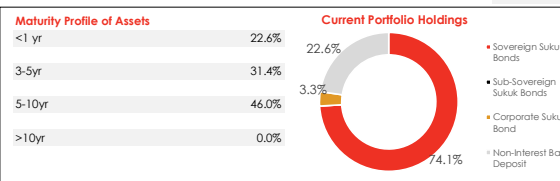
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (M)	1.9bn
NAV Per Share (M)	1.1058
Minimum Entry (M)	10,000
Additional Investment (M)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

In May, the United Capital Sukuk Fund gained 0.58% and thus, brought annualised YTD return to 7.50%, relative to the annualized return of 10.50% posted by the benchmark for the same period.

The Treasury Bonds secondary market remained bearish with mixed sentiments following the MPC rate hike. Thus, average yield expanded across the short and long end of the curve while yields contracted at the mid segment following a bit of buying interest.

The Fund maintains sufficient exposure to FGN Sukuk, money market instruments and sub-sovereign and corporate Sukuk with significantly higher yields. We will maintain current allocation to enhance returns 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	Mar-22	Apr-22	May-22
United Capital Sukuk Fund	7.32%	7.72%	7.79%	7.70%	7.68%	7.50%
Benchmark	9.88%	10.91%	10.63%	10.33%	10.26%	10.50%

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