

March-23

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

The Debt Management Office (DMO) conducted the FGN bond auction for March 2023, offering N360.0bn across the 2028s, 2032s, 2037s, and 2049s. Investors' demand came in strong, with total subscriptions printing at N808.4bn, representing a bid-to-cover ratio of 2.2x. The DMO oversold the auction, allotting N563.4bn worth of papers. The marginal rate across the 2032s, 2037s and 2049s declined by 15bps, 70bps and 25bps to 14.75%, 15.20% and 15.75% respectively. On the other hand, the marginal rate on the 2028s paper remained unchanged to settle at 14.00%.

The DMO also released the Bond Issuance Calendar for Q2-2023, which showed the 2028s & 2032s would continue being offered at auctions while the 2037s & 2049s would be replaced with 2042s & the 2050s, respectively, at subsequent auctions.

In the secondary market, we saw bearish sentiments from investors. Sell-offs were prevalent on the shorter tenor papers; investors switched to the more attractive money market as the central bank extended its hawkish run hiking the MPR by 50bps to 18.0%. The pockets of financial system illiquidity and anticipating higher marginal rates at the primary markets further catalysed the number of offers in the secondary markets. Overall, the average yields on sovereign bonds rose by 29bps m/m to print at 13.6% as of 31-Mar-2023.

In tandem, sentiments towards corporate issues were bearish. Average yields on corporate bonds as of the end of Mar-2023 rose by 81bps m/m to close at 14.0%. Similarly, the FGN Sukuk bonds closed bearish as average yields on sovereign Sukuk bonds climbed 74bps m/m to close at 12.8%.

In April, we expect significant bond maturities of over N700.0bn, to hit the financial system, toward the last two weeks of the month. This will taper yields (rates) from the mid-long end of the curve. Also, we expect pockets of coupon payments to the tune of N236.0bn. However, 80.3% (N189.5bn) of the expected coupon payments will hit the system in the last week of the month. That said, we expect bond yields to remain elevated around current levels in the first 2 weeks of April, with investors pushing for higher rates for their funds, also motivated by the recent 50bps hike. However, the expected reflection of FAAC payment this week will significantly temper the overall impact of the illiquidity situation in the financial system.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (N)	2.3bn
NAV Per Share (N)	1.13
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*	1.8%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.81% for the month of March and an annualised return of 9.95%, relative to the annualized return of 12.89% posted by the benchmark for the same period.

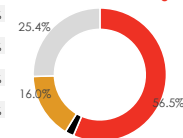
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The Fund maintains sufficient exposure to FGN Sukuk, money market instruments and sub-sovereign and corporate Sukuk with significantly higher yields. We will maintain current allocation to enhance returns for the Fund.

Maturity Profile of Assets

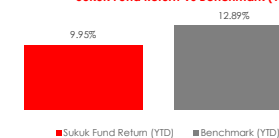
<1 yr	43.5%
3-5yr	34.1%
5-10yr	22.4%
>10yr	0.0%

Current Portfolio Holdings



- Sovereign Sukuk Bonds
- Sub-Sovereign Sukuk Bonds
- Corporate Sukuk Bond
- Non-Interest Bank Deposit

Sukuk Fund Return Vs Benchmark (YTD)



* 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	2022	YTD
United Capital Sukuk Fund	7.32%	7.23%	9.95%
Benchmark	9.88%	12.92%	12.89%

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

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

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