

United Capital Sukuk Fund | Monthly Fact Sheet



April-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 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 its APR FGN bond auction. The DMO offered to the market a total of N360.0bn bonds across four (4) tenors, FEB 2028, APR 2032, JAN 2042, and MAR 2050. At the auction, investors oversubscribed with overall bids summing up to N442.0bn. This implied a bid-to-cover ratio of 1.2x. The DMO oversold the auction modestly by 2.1%, selling N367.6bn worth of papers across the tenors on offer. Interestingly, the marginal rate on the 2028s was unchanged at 14.0%, while the 2032s rose by 5bps to 14.8%. The marginal rate on the newly issued re-issued 2042s and 2050s printed at 15.4% and 15.8%, respectively.

The FGN Bonds secondary market closed bearish in April as supply was predominant during trading, amidst the prevailing system illiquidity in the month. It was also underpinned by short-selling activity. There were pockets of buy interest following N236.0bn in coupon payments and N736.0bn in FGN bond maturities. Overall, the average yields on sovereign bonds rose by 53bps m/m to print at 14.13% as of 28-Apr-2023. Similarly, the Sukuk space was relatively calm with average yields printing at 12.15%.

This month, we expect bearish sentiments to persist in the bond market. The system's liquidity will be pivotal in the northward fill in the yield curve. Another key upside for our expectation is another possible 50bps hike by the MPC in its May meeting, stimulated by the prevailing negative real returns, elevated inflation rate, falling foreign reserve, and the volatile Naira. We anticipate that market players will continue to open short positions, ahead of the FGN Bond Auction for May.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (N)	2.4bn
NAV Per Share (N)	1.1486
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 1.49% for the month of April and an annualised return of 12.50%, relative to the annualized return of 12.15% posted by the benchmark for the same period.

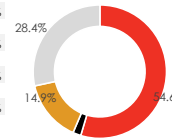
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The Fund maintains sufficient exposure to FGN Sukuk, money market instruments and sub-sovereign and corporate Sukuk with significantly higher yields. We will maintain current allocation to enhance returns for the Fund.

Maturity Profile of Assets

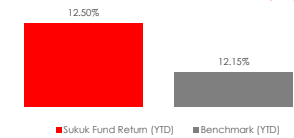


Current Portfolio Holdings



- 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

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	2022	YTD
United Capital Sukuk Fund	7.32%	7.23%	12.50%
Benchmark	9.88%	12.92%	12.15%

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

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