

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 the primary market, the Debt Management Office (DMO) conducted the Jun-2023 FGN bond auction with a total offer size of N360.0bn across the re-issued 2029s and the newly issued 2033s, 2038s and 2053s paper. At the auction, investors' demand was strong supported by the liquidity in the financial system, with total subscription printing at N635.1bn, implying a bid-to-cover ratio of 1.8x. Notably, the DMO oversold the auction, allotting a total of N427.2bn. The marginal rates on the 2029s, 2033s, 2038s and 2053s papers settled at 13.90%, 14.70%, 15.45% and 15.70%, respectively.

In the secondary market, investors' sentiment was mainly bullish, we observed buy pressures across the curve. The buy pressures were driven by the liquid financial system and expectations that the new administration would make good on their promise to drive interest rates lower. Notably, the investors' interests were mainly skewed towards the short and mid-end of the curve in June as we saw yields decline significantly on the 2026s (-2.1% m/m) and the 2029s (-2.0% m/m) papers. Thus, average yields on sovereign bonds dropped to print at 13.0% in Jun-2023, a 98bps m/m decrease from the 14.0% print in May-2022.

Similarly, we observed buy pressures in corporate bonds, as average yields at the end of Jun-2023 fell by 131bps m/m to close at 12.5% (previously 13.8%). Similarly, the FGN Sukuk bonds closed bullish as average yields on Sukuk bonds declined by 160bps m/m to close at 10.8% compared to the previous month's close of 12.4%.

Looking ahead, a lot of uncertainty remain on the outlook of the fixed-income markets. The month of July would be a battle between policymakers and investors. The new administration has reiterated its commitment to reinvigorate the real economy and keep interests low. On the other end of the stick, we see bellicose investors who are concerned about reducing negative real returns. Nonetheless, we expect yields to remain suppressed as bullish sentiments will continue in the bonds market. While our expectation is that inflation will continue to trend northward with real returns narrowing further, we note that investors' pricing power will continue to diminish as the financial system remains flush with liquidity. In Jul-2023, we expect a total of c.257.46bn worth of coupon payments to further bolster the already buoyant liquidity in the financial system. The downside risk to our expectations is the Monetary Policy Committee (MPC) opting to HIKE the benchmark interest rate. However, we believe that this is unlikely, but we envisage that members of the MPC would elect to a HOLD decision at its next meeting.

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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)	3.3bn
NAV Per Share (N)	1.1232
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

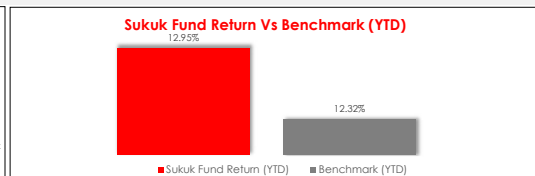
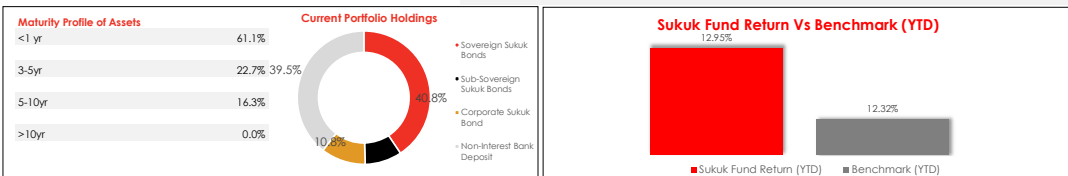
PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.99% for the month of June and an annualised return of 12.95%, relative to the annualized return of 12.32% posted by the benchmark for the same period.

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In the course of the month, the Fund issued an annual dividend payment of N0.0495 per unit to unitholders, representing the dividend distribution for the full financial year of 2022.

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

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%	12.95%
Benchmark	9.88%	12.92%	12.32%

* 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.