

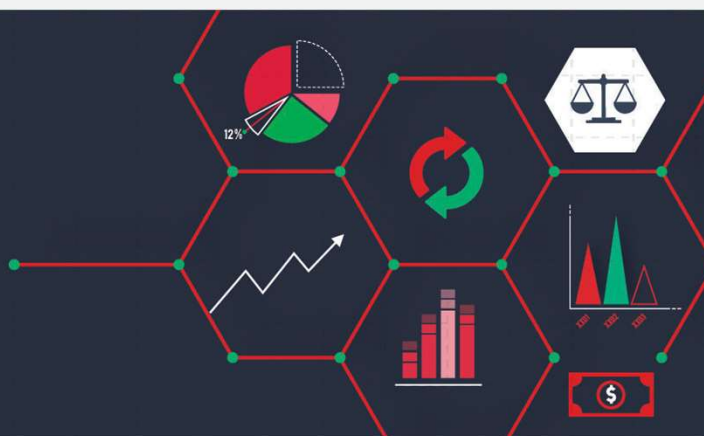
United Capital Sukuk Fund

Mutual Funds Factsheet | July 2024

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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 July-2024 bond auction, with a total offer size of N450.0bn across the 5-YR “APR 2029” (reopened), 7-YR “FEB 2031” (reopened) and 9-YR “MAY 2033” (reopened) bond papers. The auction was undersubscribed reflective of investors lacklustre interest toward duration exposure. Investors’ total bids printed at N279.7bn, implying an undersubscription rate of 0.9x.

The DMO opted to undersell the auction, selling papers to the tune of N225.7bn. Given the weak demand for duration exposed instruments at the auction, marginal rates on all three offerings rose: on the 2029 (+25bps to 19.89%), the 2031 (+81bps to 21.00%), and the 2033 (+48bps to 21.98%).

In the secondary market, we observed sell pressures (particularly in the aftermath of the CBN’s 296th MPC meeting) dominate the market. Thus, average yields on sovereign bonds closed higher to print at 19.76% in June-2024, a 101bps m/m climb from the 18.75% print in June-2024.

In tandem, we observed sell offs in corporate bonds, as average yields at the end of July-2024 rose by 154bps m/m to close at 22.44% (previously 20.90%).

Similarly, the FGN Sukuk bonds closed mildly bearish as average yields on Sukuk bonds rose by 116bps m/m to close at 20.37% compared to the previous month’s close of 19.21%.

Looking ahead into August-2024, we expect the bonds market to remain quiet, with lacklustre interest from investors. From another perspective, we expect the lingering debt sustainability concerns amid the laggard revenue streams to continue to fuel mild bearish sentiments, with the recent MPR hike supporting bond yields to remain elevated.

FUND FEATURES

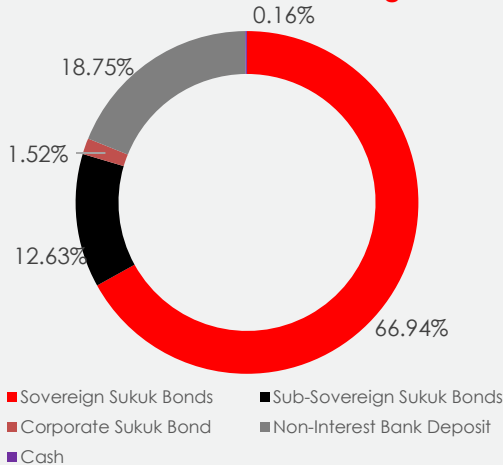
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	3.7bn
NAV Per Share (₦)	1.1669
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

*Inclusive of management fee; Returns are net of all fees

MATURITY PROFILE OF ASSETS

<1yr	18.80%
1-3yr	40.20%
3-5yr	5.80%
5-10yr	35.20%
>10yr	0.00%

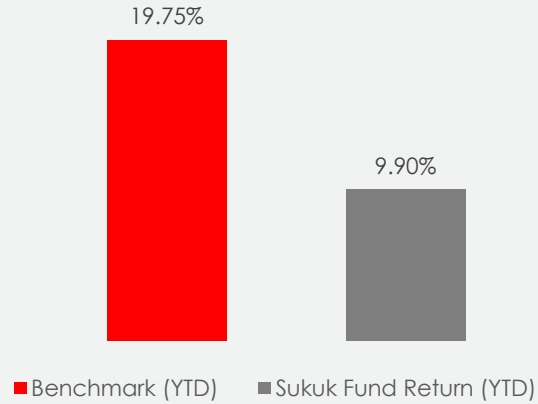
Current Portfolio Holdings



Governance Asset Allocation Ranges:

Non-Interest Bank Deposit (20%-40%); Sukuk Bond: (60%-80%)

Sukuk Fund Return Vs Benchmark (YTD)



RETURN HISTORY

	2021	2022	2023	2024 YTD
United Capital Sukuk Fund	7.32%	7.23%	11.36%	9.90%
Benchmark	9.88%	12.92%	13.20%	19.75%

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

PERFORMANCE REVIEW

The United Capital Sukuk Fund annualized return for the month of July 2024 is 4.82% while the annualized YTD return is 9.90% relative to the return of 19.75% posted by the benchmark for the same period.

The return can be attributed mainly to accrued coupons on bond holdings as well as accrued interest on money market instruments held in the fund during the period.

The month of July witnessed a passthrough effect of policies made by the monetary authority in the first quarter of the year. This continue to affect yields across the different ends of the curve as well as the activities of the DMO at bond auctions. Consequently, we still see elevated yield levels across the different maturities in the bonds market.

Due to the recent attraction to Sukuk funds, we expect more issuances to take place in the coming months. We would continue to watch out for attractive sukuk offers to boost return.

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.

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.

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 RISK

- Market Risks
- 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



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