

United Capital Sukuk Fund | Monthly Fact Sheet



November-21

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

At the November bond auction, the DMO sold a total of N225.3bn, compared with the N150.0bn on offer across the three bond offerings (2026s, 2037s & 2050s). Investor demand was skewed towards the 2050s which recorded a bid-cover ratio of 4.1x, while the 2026s and 2037s closed at 1.0x and 0.9x respectively. The oversubscription at the bond auction is unsurprising given investors have constantly signalled unwillingness to buy bonds at the secondary market, reserving bids for the monthly auction. The marginal rates on the 2026s, 2036s were unchanged from the previous auction at 11.65% and 12.95% respectively, while for the third consecutive auction, the 2050s continued its upward trajectory rising by 10bps to close at 13.30% (previously 13.20%).

In the secondary market, market proceedings were broadly bearish as investors continued to maintain a stand-offish approach towards the bonds market. For the month, average yield rose 13bps m/m to 11.4% from 11.3% in the previous month. In the corporate segment, average yield declined by 4bps m/m to 11.8%.

In the Sukuk segment of the bonds market, proceedings were mainly bullish as average yield on FGN Sukuk instruments declined 3bps m/m to close at 10.9% at the end of November.

In the coming month, we expect the bearish sentiments in the bonds market to prevail. Investors appear to continue to take a measured approach towards investing at the long end of the curve amidst aggressive government borrowings. Consequently, this should sustain tight movements at the long end of the yield curve with a bearish bias.

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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.

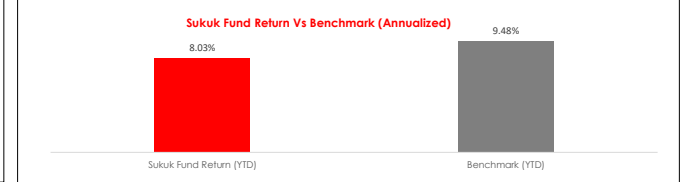
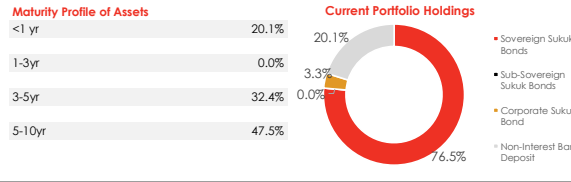
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (N)	1.9bn
NAV Per Share (N)	1.0701
Minimum Entry (N)	10,000
Additional Investment (N)	5,000
Structure	Open ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.30% for the month of November and an annualised return of 8.03%, relative to the annualized return of 9.48% posted by the benchmark for the same period.

The Treasury Bonds secondary market remained tepid with low volumes traded, following a dearth in demand, as investors sought higher yields from non-sovereign sources. In the short term, we expect yields to oscillate around current levels, driven by thin maturities and deliberate efforts by the DMO to reduce domestic borrowing costs for the government.

The portfolio remains invested in FGN Sukuk Bonds with significantly higher yields. We will maintain current allocation to enhance yield income 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

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
United Capital Sukuk Fund	5.65%	5.32%	13.72%	16.71%	11.74%	10.91%	9.90%	9.14%	8.55%	8.03%
Benchmark	6.79%	8.26%	11.23%	12.19%	11.62%	11.12%	10.05%	9.24%	9.87%	9.48%

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