

May-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 May bond auction, the Debt Management Office (DMO) offered to sell ₦150.0bn worth of bonds across the 2027s, 2035s and 2049s (replacing the 2045s). Investor sentiment remained bias towards higher yields which led to more bids coming in at higher marginal rates. Like the last auction, the May bond auction was met with decent interest with bid to cover ratio of 1.9x. Consequently, the DMO took advantage, overselling at the auction, by allotting ₦175.2bn worth of bonds, compared to ₦150.0bn initially offered. In line with expectations, marginal rates on the 2027s, 2035s, and 2049s instruments closed significantly higher at 13.1%, 14.0% and 14.2%.

In the Sukuk bond segment of the market, proceedings followed the performance of the broad fixed income market as average yield on FGN Sukuk bonds climbed 64bps month on month (m/m) to close at 12.6% at the end of May, from 12.0% at the end of April.

Looking ahead, we note the slowing momentum in the rate of upward reversal on bond yields. Also, the decision of the MPC to hold policy rate caps the upside in upward yield movement. However, we expect developments at the June auction will provide further clarity on the direction of bond yields. However, we think the upward reversal in yields on

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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 (₦)	1.4bn
NAV Per Share (₦)	1.9417
Minimum Entry (₦)	10,000
Additional Investment (₦)	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 1.32% for the month of May and an annualised month to date return of 16.71%, relative to the annualized return of 12.19% posted by the benchmark for the same period.

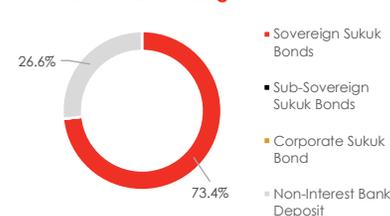
The Treasury bonds market remained bearish as investors continue to anticipate higher yields for FGN bonds. Across the curve, average yield expanded following sell-offs.

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

Maturity Profile of Assets

<1 yr	26.6%
1-3yr	0.0%
3-5yr	34.2%
5-10yr	39.1%

Current Portfolio Holdings



* 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

	Feb-21	Mar-21	Apr-21	May-21
United Capital Sukuk Fund	5.65%	5.32%	13.72%	16.71%
Benchmark	6.79%	8.26%	11.23%	12.19%

*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.