

United Capital Sukuk Fund | Monthly Fact Sheet



June-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 June bond auction, the Debt Management Office (DMO) offered to sell N150.0bn worth of bonds across the 2027s, 2035s and 2050s (replacing the 2049s). The DMO's move at introducing a new bond was aimed at creating artificial scarcity for bonds, thereby driving yields lower in the secondary market, with subsequent downward impact on marginal rate at the bond auction. Truly, the DMO achieved its aim as marginal rates at the bond auction closed lower.

Across the 2027 and 2035 offerings, marginal rates fell 36bps and 50bps to 12.74% and 13.5%, respectively. Marginal rate on the 2050 offering closed at 13.7%, 50bps lower than the marginal rate on the 2049 offering at the May bond auction. Notably, the DMO took advantage of strong investor interest (N417.5bn subscription vs N150.0bn offering) to oversell at the auction, selling an excess of N175.8bn worth of bonds.

The bearish sentiments that have trailed the bonds market in 2021 weakened in June as sovereign debt managers' financial repressive tactics paid off. Accordingly, average sovereign bond yield fell m/m for the first time in six months, down 66bps m/m to 11.8% in June from 12.5% at the end of May. Similarly, at the corporate bond market, average bond yield fell 11bps m/m to 13.5% in June from 13.6% at the end of May.

In the Sukuk bond segment of the market, proceedings followed the performance of the broad bonds market as average yield on FGN Sukuk bonds fell 43bps m/m to close at 12.2% at the end of June, from 12.6% at the end of May.

Looking ahead, in July, sovereign bond maturities and coupon inflows totalling N815.0bn is expected to hit the bonds market. Investors expecting this huge liquidity are expected to reinvest in new bonds, creating strong demand for bonds and consequently driving yields lower.

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The United Capital Sukuk Fund is regulated by the Securities & Exchange Commission

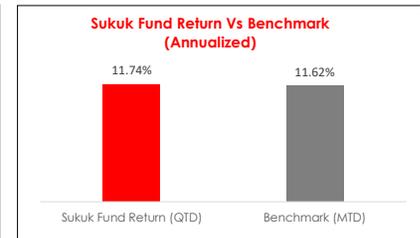
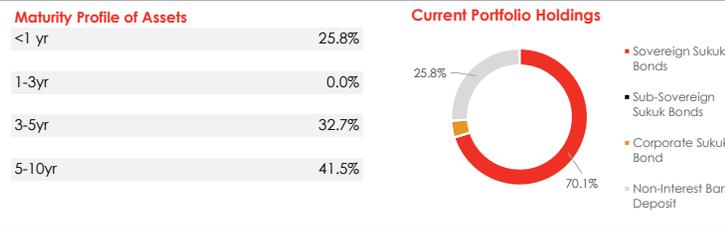
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2020
Fund Size (₦)	1.6bn
NAV Per Share (₦)	1,9537
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Minimum Holding Period	90 days
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	3-Yr FGN Sovereign Sukuk Yield
Risk Profile	Medium
Investment Style	Income Oriented

PERFORMANCE REVIEW

The United Capital Sukuk Fund returned 0.40% for the month of June and an annualised quarter to date return of 11.74%, relative to the annualized return of 11.62% 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



* 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	Jun-21
United Capital Sukuk Fund	5.65%	5.32%	13.72%	11.74%
Benchmark	6.79%	8.26%	11.23%	11.62%

* 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.