

United Capital Balanced Fund

Mutual Funds Factsheet | April 2025

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FUND OBJECTIVE

The objective of the United Capital Balanced Fund is to achieve long-term capital appreciation and income distribution through investment in a portfolio of securities and instruments as specified in the Trust Deed. The Fund is targeted at investors who seek a blend of safety and regular income. The Fund holds equities and fixed income assets in a blended proportion. The securities are held in relatively small proportions to diversify unsystematic risk in the portfolio.

The Fund aims to balance risk and return. The risk profile is structured to be lower than that of a pure equity investment. With assets tactically allocated between fixed income and equity investments, the Fund is structured for investors seeking a blend of safety, income and modest capital appreciation.

The equity portion of the Fund has exposures to mid-cap and large-cap stocks with significant diversification across sectors of the Nigerian economy. Investment decisions are driven by rigorous research in line with carefully designed Enterprise Risk Management framework.

MARKET REVIEW, OUTLOOK AND STRATEGY

In April 2025, despite intermittent sell-off pressures, the bulls maintained control of the market. We observed bargain-hunting activities across some fundamentally strong stocks as investors look to position themselves and take advantage of low prices, Q1-2025 earning season and corporate action declarations. However, investor caution persisted, following the Monetary Policy Committee's (MPC) decision to keep the benchmark interest rate unchanged at 27.50%. Elevated yields in the fixed-income market continued to dampen risk appetite, reinforcing a tilt toward safer assets over equities. Notably, a standout performer was WAPCO, which climbed by 13.91% m/m. Additionally, gains in banking stocks, ZENITHBA (+10.58% m/m), GTCO (+6.20% m/m), and MTNN (+2.04% m/m) lifted the local bourse northwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) improved by 12bps to close at 105,800.85 points. Consequently, YTD return strengthened to 2.79% from March's print of 2.66%, with market capitalization settling at N66.50tn.

In terms of corporate announcements, Wema Bank Plc is set to raise N150bn capital by way of Rights Issue of 14,286,785,417 ordinary shares of N0.50 at N10.45 per share. Meanwhile, the month of April saw a spree of earnings announcement from some of our coverage companies with the Q1-2025 earning season starting off.

In the Banking sector, FY2024 dividend declarations include the following: Wema Bank Plc declared a final dividend of N1.00, with a qualification date of 01-May-2025, a closure of register on 02 to 07 May-2025 and a payment date of 22-May-2025. Access Holding Plc declared a final dividend of N2.05k, with a qualification date of 29-Apr-2025, a closure of register on 30-Apr-2025 and a payment date of 15-May-2025. Fidelity Bank Plc declared a final dividend of N1.25 with a qualification date of 15-Apr-2025 and a payment date of 29-Apr-2025. Zenith Bank Plc announced a final dividend of N4.00, with a qualification date of 15-Apr-2025 and a payment date of 29-Apr-2025. United Bank for Africa declared a final dividend of N3.00, with a qualification date of 11-Apr-2025 and a payment date of 25-Apr-2025. FCMB Group Plc declared a final dividend of N0.55k, with a qualification date of 16-Apr-2025 and a payment date of 29-Apr-2025. In the Consumer goods sector, BUA Foods Plc declared a final dividend of N13.00, with a qualification date of 21-Aug-2025 and a payment date of 25-Sep-2025. Other dividend declarations include the following: Okomu Oil Palm Company Plc declared a final dividend of N26.00, with a

qualification date of 24-Apr-2025 and a payment date of 22-May-2025.

In the secondary money market, bearish sentiments prevailed as investors await proper guidance for rate direction in Q2-2025. The cautious trading activities were due to the recent uptick in stop rates at the primary market auction. As a result, the average NT-bills yield rose by 129bps m/m to close the month of Apr-2025 at 20.73% (previously 19.44% in Mar-2025). Similarly, the average yield on OMO bills climbed by 278bps, settling at 26.98% in Apr-2025 from 24.20% in the prior month.

Similarly, In the secondary bond market, we observed bearish sentiments in the market as investors reassessed market conditions and the direction of fixed-income market rates. Thus, average yields on sovereign bonds closed higher to print at 19.05% in Apr-2025, 34bps m/m up from the 18.71% print in Mar-2025.

Looking ahead into May-2025, we expect the influx of impressive Q1-2025 results to marginally bolster buy interest as investors continue to bargain-hunt stocks with strong fundamentals. We strongly anticipate impressive outflows among corporates in the financial services sector (particularly the banks). Thus, we expect an increased appetite among investors towards corporates in the financial services sector. Additionally, a potential rate cut by the MPC in their next meeting slated for 19 to 20 May-2025 might improve investors sentiments toward the equities market. On the flip side, high interest rates, elevated inflationary pressure and weakness of the naira will continue to impact the equities market in the month of May. Generally, the equities market would experience volatility, with the potential for modest recovery in mid-to-late May depending on corporate results and MPC's decision.

We expect the cautious trading activities amongst investors in the bond market to persist as uncertainties towards rate direction linger, particularly keeping in view the neutral/dovish outlook of monetary policy in H1-2025. The major catalyst for interest rate direction in Q2-2025 is the outcome of the MPC's meeting, which will set the tone for a possible decline or upward trend of the yield curve. In the primary market, we foresee healthy participation in the FGN Bond auction as the Federal Government (FG) relies heavily on domestic borrowings to finance its recurrent expenditure.

FUND FEATURES

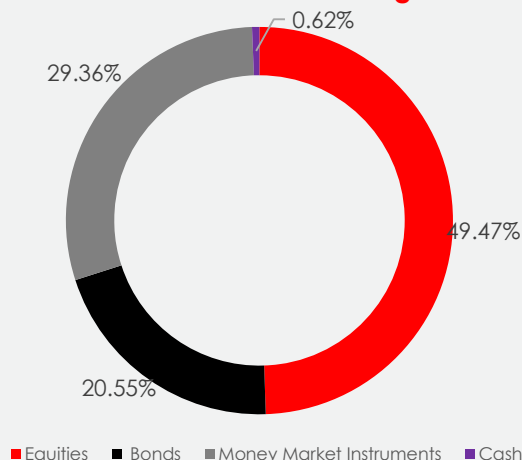
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	2.4bn
NAV Per Share (₦)	2.1541
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmarks	91-Day T-bills/NSE ASI/3-year FGN Bond
Risk Profile	Moderate
Investment Style	Market Oriented

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

MATURITY PROFILE OF ASSETS

0-30days	4.41%
31-60days	19.40%
61-90days	32.04%
91-180days	0.00%
180-365 days	11.85%
>1 year	32.29%

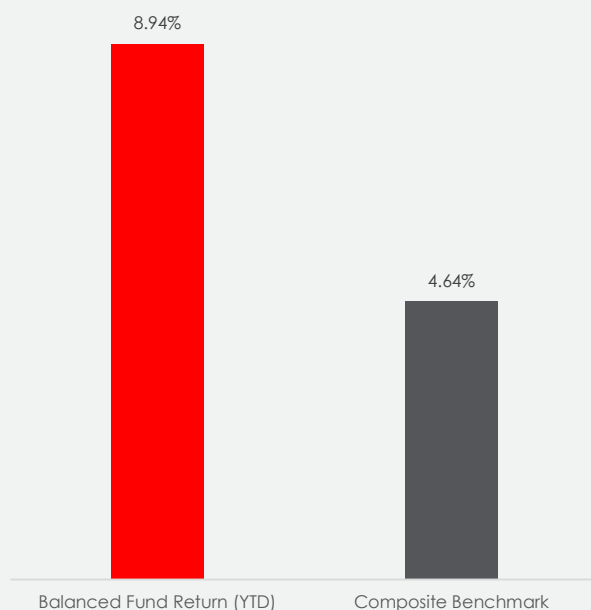
Current Portfolio Holdings



Governance Asset Allocation Ranges:

Quoted Equities (40-60%), Fixed Income (20% - 60%); Money Market Instruments (40% - 60%)

Balanced Fund Return Vs Benchmark (YTD)



RETURN HISTORY

	2020	2021	2022	2023	2024	2025 YTD
UCAP Bal. Fund	14.35%	6.19%	4.89%	42.23%	30.41%	8.94%
Composite Benchmark	25.16%	5.56%	12.82%	19.97%	26.62%	4.64%

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

PERFORMANCE REVIEW

The United Capital Balanced Fund returned 2.19% for the month of April 2025 translating to a YTD return of 8.94% compared to 4.64% posted by the composite benchmark during the same period.

The Nigerian stock market closed April on a bullish note as the benchmark index gained 0.13% on a MoM basis translating to a YTD return of 2.79%. While the equities market started the month on a bearish trend, this was reversed by the middle of the month as we saw investors' confidence improve on the back of attractive Q1 25 earnings release by corporates.

Looking ahead for May 2025, we expect that a host of factors will affect the performance of the market. Factors like the decision of the MPC at its May meeting, investors' reaction to the release of Q1 2025 earnings will dictate the direction of the market. Market participation data from the NGX showed that foreign investors participation during March improved significantly from 8% in February to 63% in March. We expect that if the same momentum is maintained in May, the positive sentiment may persist. The fund manager will continue to take position in tickers with good fundamentals and ensure a mix with money market and fixed income instruments to take advantage of the current attractive yield environment.

We will maintain our allocation in line with the investment policy objectives and the Trust Deed.

WHY CHOOSE THE FUND?

- Low volatility of Investment returns
- Well diversified portfolio
- Seamless entry and exit
- Professional management with robust risk framework
- Automatic rebalancing in times of rising or falling markets
- Ability to enjoy long term capital growth as well as safety

INVESTMENT RISK

- Market risk of equity exposure
- Macroeconomic instability

HOW TO PARTICIPATE

1. Log in to our online platform www.investnow.ng
2. Click on "Balanced Fund"
3. Click on "Open an account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments

