

United Capital Balanced Fund

Mutual Funds Factsheet | August 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 August 2025, the Nigerian equities market extended its July rally with a modest gain, driven by early-month enthusiasm, before giving way to profit-taking and cautious trading towards the end of the month. Investors gained approximately N0.35tn compared to N12.47tn in July as market capitalization grew marginally. Despite intermittent selloffs among major banks and industrial players, notably in the latter weeks, investor appetite shifted toward fundamentally sound mid- and small-cap stocks.

Notably, standout performers which lifted the local bourse include BUAFOODS (+31.45% month-on-month – m/m), BUACEMEN (+12.44% m/m), TRANCOH (+9.95% m/m), and AICO (+91.47% m/m). As a result, the NGX-All Share Index (NGX-ASI) gained 0.31% m/m to close at 140,295.50 points. Consequently, Year to date returns increased marginally to 36.31% from 35.89% recorded in July. Market capitalization also closed at N88.77tn from N88.42tn recorded in July.

On a sectoral level, market activity was bullish, as Three(3) of the Five (5) sectors under our coverage closed in the green while two (2) closed in red. The Insurance sector (+44.30% m/m) led the gainers mainly driven by gains in AICO (by more than 90%), GUINEAINS, LINKASSURE and others (gaining more than 50%). Following was the Consumer Good sector (+8.91% m/m) following share price appreciations in BUAFOOD (+28+% m/m), and CHAMPION (+24% m/m). This was followed by the Industrial sector (+1.83% m/m) on account of gains in TRIPPLEG, BETAGLASS.

At the money market, the CBN conducted two (2) auctions with a marginal reduction across both auctions. There was a total offer of N220bn offered at the first auction and N230bn at the second auction cutting across the 91-day, 182-day and 364-day bill.

The bids were majorly skewed towards the longer-tenured instrument, “365-day bill”, at both auctions. The stop rate on the 365-day bills climbed up by 0.62%, to settle at 16.5% while the stop rates of the 91-day and 182-day bill remained unchanged at 15.00% and 15.50% respectively at the first auction. At the second auction, we saw a similar hike in the stop rate of the 91-day and 364-day bill moving up by 0.35% and 0.94% to close at 15.35% and 17.44% with the 180-day bill remaining unchanged at 15.50%.

In the secondary money market, bearish sentiments resumed amongst investors following the uptick in rates in the primary market. As a result, the monthly average yield on the 364-day bills climbed by 0.25% m/m to close Aug-2025 at 19.5% (previously 19.33% in Jul-2025). Meanwhile, the monthly average yields on the 91-day and 182-day bills fell by 0.16% and 0.10% to settle at 17.00% and 18.28%, respectively.

The Debt Management Office (DMO) conducted the August 2025 bond auction with a total offer size of N200.00bn, split between the newly issued 2030 (“5-year”) and the reopened 2032 (“7-year”) bond papers. Investor demand was strong, with total subscriptions reaching N268.16bn, representing a subscription rate of 1.34x. Notably, the DMO under-allotted, selling a total of N136.16bn worth of bills. The marginal rate on the 2032 bond paper climbed by 2.10%, from 15.90% to settle at 18.00%. Meanwhile, the marginal rate on the 2030 bond paper settled at 17.945%.

In the secondary bond market, we observed bullish sentiments amongst investors in anticipation of a potential Monetary Policy Rate (MPR) cut decision by the Monetary Policy Committee (MPC). Thus, the monthly average yields on the 2030, 2032, and 2035 bonds closed lower by 0.13%, 0.09% and 0.84% in August to settle at 17.07%, 16.92% and 15.84%, respectively.

Looking ahead into September 2025, we anticipate a measured yet resilient performance in the Nigerian equities market. The market is likely to remain cautiously steady, with sentiment shaped by lingering profit-taking from August, alongside fresh catalysts such as expectations of monetary easing and continued corporate earnings activity. We also anticipate the NGX All-Share Index gaining renewed traction toward the end of September, following its typical seasonal strength entering the fourth quarter. We also expect the CBN to initiate its first rate cut in September, potentially marking a turning point in market confidence.

We expect the fixed income market to sustain its bullish momentum. This outlook hinges expectations of interest rate cut by both the FOMC of the US Fed and MPC of CBN. The MPC is scheduled to hold its 302nd meeting on the 22nd - 23rd of September 2025. We expect the MPC to cut the Monetary Policy Rate (MPR) by between 0.25% and 0.50%, given the recent drop in the inflation rate and expected drop in the next subsequent months.

FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Investment Manager Rating	A+(IM)
Base Currency/Start Year	Naira/2006
Fund Size (₦)	3.2bn
NAV Per Share (₦)	2.1291
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.9%
Benchmarks	91-Day T-bills/NGX 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	16.88%
31-60days	28.18%
61-90days	0.00%
91-180days	9.80%
180-365 days	0.00%
>1 year	45.14%

Current Portfolio Holdings

■ Equities ■ Bonds ■ Money Market Instruments ■ Cash

Governance Asset Allocation Ranges:
Quoted Equities (40-60%), Fixed Income (20% - 60%); Money Market Instruments (40% - 60%)

Balanced Fund Return Vs Benchmark (YTD)

Balanced Fund Return (YTD)Composite Benchmark

RETURN HISTORY

	2020	2021	2022	2023	2024	2025 YTD
UCAP Bal. Fund	14.35%	6.19%	4.89%	42.23%	30.41%	29.84%
Composite Benchmark	25.16%	5.56%	12.82%	19.97%	26.62%	20.89%

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

PERFORMANCE REVIEW

The United Capital Balanced Fund returned -1.99% for the month of August 2025 translating to a YTD return of 29.84% compared to 20.89% posted by the composite benchmark during the same period.

Following the gains in July, the performance of the Nigerian stock market slowed in August as the benchmark index gained 0.31% on a MoM basis translating to a YTD return of 36.31%. The Insurance sector led the gainers list following the signing of the Nigerian Insurance Industry Reform Act, 2025.

Looking ahead, we expect that cautious sentiment will continue to persist as investors continue to take profit. Market performance during the month is also expected to be shaped by the release of H1 earnings report and interim dividend announcement from tier-1 banks. The MPC is expected to meet in September, and we expect that the decision will influence market sentiment in both the equities and fixed income markets. The fund manger will continue to take position in tickers with good fundamentals as the opportunity presents and ensure a mix with money market instruments to take advantage of the attractive yield environment.

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

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?

- 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

