

United Capital Balanced Fund

Mutual Funds Factsheet | December 2024

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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 December, the bulls dominated the Nigerian Exchange (NGX) despite pockets of sell-interests during the month. As measured by market's breadth (4.35x), bargain hunting activities seemed to trigger the famous "Santa Rally", as investors looked to exploit short-mid-long-term opportunities. For context, 87 equities advanced in December compared to the 20 equities that depreciated. Notably, a standout performer was MTNN (+17.65% m/m), driven by Telcom operators' quest for 100.00% tariff hike, aimed toward addressing the significantly elevated operational costs, including inflation and increased service delivery expenses. Ultimately, the benchmark NGX-All Share Index (NGX-ASI) climbed by 5.56% m/m to close at 102,926.40 points, bringing 2023 YTD return to 37.65% with market capitalisation settling at N63.10trn. Interestingly, the performance of the NGX in 2024 looked to outpace domestic Inflation, which printed at 34.60% as of Nov-2024.

The financial system opened in December 2024 with a surplus balance of N111.04bn. System liquidity was dictated by inflows from NT-Bill maturities, Primary Market Auctions (NT-Bill and OMO auctions), and the increased activity in the SDF and SLF windows. The inflows in the month from N342.56bn worth of inflows emanating from coupon payments (N216.76bn) and OMO maturities (N125.80bn) were not sufficient to bolster the system liquidity. As a result, we saw increased activities at the

Standing Lending Facility (SLF) window as banks sought to meet their short-term obligations. Thus, the financial system closed the month with a deficit balance of N166.29bn.

In the secondary Bond market, we observed bearish sentiments across the curve, particularly at the mid- and long-end. The bonds maturing in 2029 saw the most sell-pressure with the yields on these instruments falling 88 –140bps. This investment activity demonstrated the standoffish approach of investors towards duration-exposed instruments in the month. Thus, average yields on sovereign bonds rose to 19.75% in Dec-2024, 29bps m/m higher than the 19.46% print in Nov-2024.

Looking further into January 2025, we expect more of bullish sentiments in the equities market, as investors look to exploit the short-mid-long-term opportunities. Given the elevated levels of risk-free rates, coupled with the prospects for yield curve normalisation in H1-2025, we anticipate sustained interest toward the fixed income market, as investors look to lock in current high yields. This factor will likely weigh on the magnitude of interest toward risk asset classes. However, other factors including the anticipated progress on inflation (with a 95.00% chance of the high base effect kicking in, in Jan-2025).

In fixed income markets, we expect N2,035.50bn in inflows to the financial system, i.e. N166.62bn in coupon payments, N311.48bn from NT-Bill maturities, and N1,557.40bn from OMO maturities. The CBN is scheduled to hold 2 NT-Bill auctions in the month, issuing N515.00bn and N530.00bn, respectively. We expect strong participation at these auctions, with high demand for the 364-day bill. we expect bond yields to remain under pressure, particularly at the mid- to long-end of the curve, amidst weaker supply in the primary market, and investor's standoffish approach to long-term bonds.

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 FEATURES

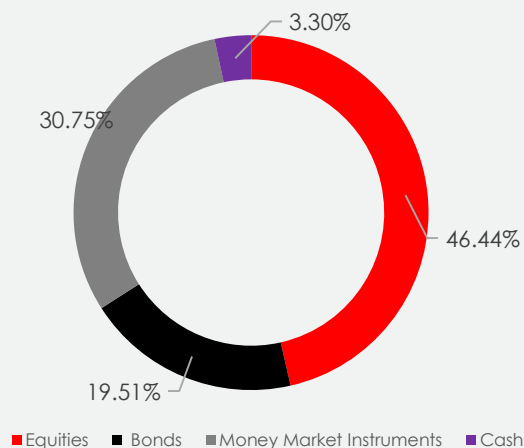
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	2.1bn
NAV Per Share (₦)	1.9773
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.9%
Benchmarks	91-Day T-bills/NSE 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	37.69%
31-60days	7.33%
61-90days	20.01%
91-180days	0.00%
180-365 days	0.00%
>1 year	34.98%

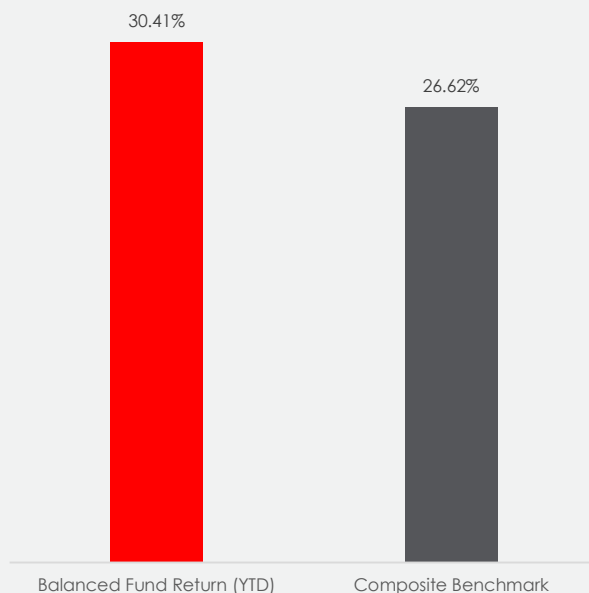
Current Portfolio Holdings



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

	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
UCAP Bal. Fund	5.00%	22.40%	1.16%	3.77%	14.35%	6.19%	4.89%	42.19%	30.41%
Composite Benchmark	5.10%	22.70%	1.70%	-1.73%	25.16%	5.56%	12.82%	19.97%	26.62%

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

PERFORMANCE REVIEW

The United Capital Balanced Fund returned 4.91% for the month of December 2024 and a YTD return of 30.41%, compared to 26.62% posted by the composite benchmark during the same period.

The Nigerian stock market ended the month of December on a bullish note as the market index gained 5.56%. The positive sentiment was as a result of gains in CONOIL, INTERBREW, OKOMU, WAPCO and NB. We also saw gains in MTN(17.65%) on the back of news about the approval of tariff hike by the NCC.

Looking ahead, we would actively monitor activities in the equities market ahead of the release of FY 2024 earnings reports. The fund manger will continue to take position in tickers with good fundamentals and ensure a mix with money market and fixed income instruments.

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

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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 and account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments



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