

# United Capital Balanced Fund

Mutual Funds Factsheet | June 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 June, the floor of the exchange was dominated by the Bulls who sought to hunt for bargains across fundamentally sound equities that were technically trading around their oversold region, following the bearish run in April-2024. This was quite reflective in the market's breadth for June, which printed 3.0x implying that 68 stocks advanced, while 23 declined. Notably, share price appreciation across SEPLAT (+12.8% m/m), GTCO (+12.5% m/m), PRESCO (+32.6% m/m), ZENITHBA (+8.2% m/m), and ACCESSCO (+10.2% m/m) led the observed gains in June. None the less, given the activities in the fixed income market on the back of the current elevation of short-term rates, the overall performance of the bourse was significantly dampened. As a result, the benchmark NGX-All Share Index (NGX-ASI) rose by 0.76% m/m to close at 100,057.5 points. Consequently, YTD return strengthened to 33.8% from 32.8% in May, while market capitalisation climbed to close at N56.6tn.

From a sectoral viewpoint, performance was bullish as all the five (5) sectors we cover closed the month of June in the green territory. Leading the band was the Oil & Gas sector (+11.3% m/m) owing share price appreciation across SEPLAT (+12.8% m/m) and TOTAL (+21.0% m/m). Trailing were the Insurance (+6.4% m/m), Banking (+4.1% m/m), Consumer goods (+1.1% m/m), and the Industrial goods (+0.03% m/m) bolstered by share price appreciation across NEM (+13.8% m/m), VERITASK (+55.9% m/m), ZENITHBA (+8.2% m/m), ACCESSCO (+10.2% m/m), GUINNESS (+35.2% m/m), NB (+11.3% m/m), FLOURMIL (+17.1% m/m), and WAPCO (+0.7% m/m).

At the first auction, the CBN offered a total of N221.1bn worth of

maturing bills across the 91-day, 182-day and 365-day bills. The bulk of the bids were skewed towards the longer-tenured instrument (365-day bill) which recorded a total subscription of N677.4bn. Notably, CBN oversold the auction, allotting a total of N278.4bn worth of bills. As a result, the stop rate of the 365-day bill fell by 2bps to settle at 20.67%. However, the stop rates on the 91-day bill remained unchanged at 16.50% and 17.50%.

At the second auction, the CBN offered a total of N44.2bn worth of maturing bills across the 91-day, 182-day and 365-day bills. At the auction, investors' demand was strong, as total subscription printed at N407.8bn, majority skewed towards the longer-tenured instrument. The CBN oversold, allotting N55.2bn. Given the strong demand at the auction, stop rates across all the tenors offered tapered. For context, the stop rates across the 91-day, 182-day and 364-day bills tapered by 20bps, 6bps, and 17bps to print at 16.30%, 17.44%, and 20.50%, respectively.

At the third auction, the CBN offered a total of N228.7bn worth of maturing bills across the 91-day, 182-day and 365-day bills. The bulk of the bids were skewed towards the longer-tenured instrument (365-day bill) which recorded a total subscription of N697.1bn. Notably, the CBN oversold the auction marginally, allotting a total of N284.3bn worth of bills. Given the strong demand at the auction, the stop rate on the 364-day bill rose by 18bps to 20.68%, while the stop rates on the 91-day and 182-day bills remained unchanged at 16.30% and 17.44%, respectively.

In the secondary market, we saw significant bearish sentiments throughout the month of June-2024. As a result, the average NT-bills yield climbed by 35bps m/m to close the month of June-2024 at 22.07% (previously 21.72%). Similarly, the average yield on OMO bills increased by 202bps to settle at 23.45% in June-2024 from 21.43% in the prior month.

**Looking ahead into July 2024, the equities market would be mixed as investors continue to explore opportunistic investment strategy, which involves trading the current market volatility. Hence, we anticipate cherry picking of fundamentally sound stocks persist in July. Similarly, market activities will increase due to ongoing banks recapitalization, Q2/H2 2024 filings, and envisaged corporate actions in the weeks ahead.**

**Conversely, activities in the fixed income market to continue to stand as a demotivator toward a broader/deeper scale of equities investments. Overall, fund managers and investors should continue to adopt an opportunistic investment strategy to take advantage of whatever opportunities the market presents at each given time.**

*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**

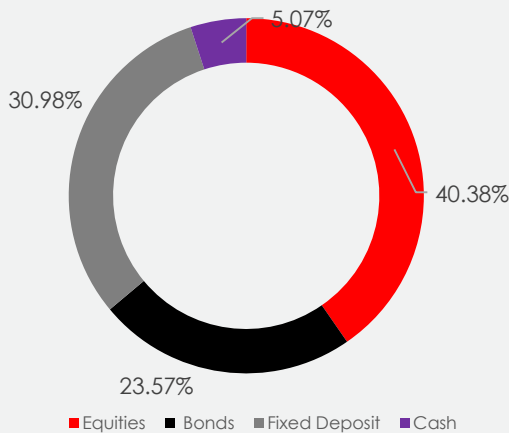
<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	Naira/2006
<b>Fund Size (₦)</b>	1.7bn
<b>NAV Per Share (₦)</b>	1.6229
<b>Minimum Entry (₦)</b>	10,000
<b>Additional Investment (₦)</b>	5,000
<b>Structure</b>	Open Ended
<b>Entry/Exit Charges</b>	Nil
<b>Management Fee</b>	1.5%
<b>Total Expense Ratio*</b>	1.8%
<b>Benchmarks</b>	91-Day T-bills/NSE ASI/3-year FGN Bond
<b>Risk Profile</b>	Moderate
<b>Investment Style</b>	Market Oriented

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

**MATURITY PROFILE OF ASSETS**

0-30days	33.94%
31-60days	3.28%
61-90days	19.57%
91-180days	0.00%
180-365 days	0.00%
>1 year	43.21%

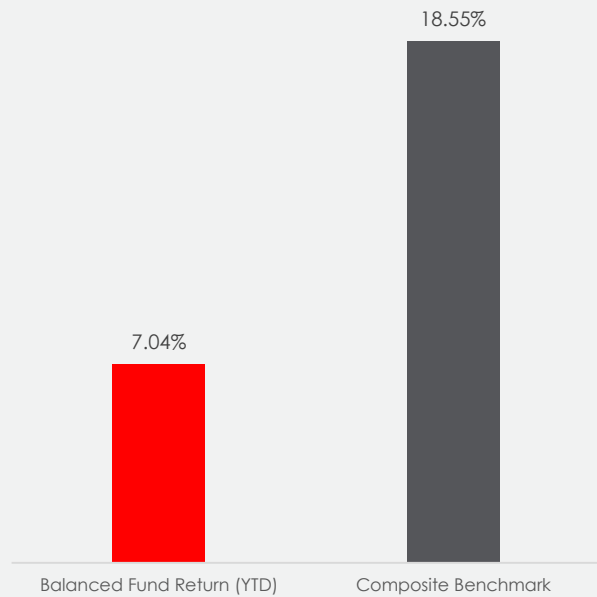
**Current Portfolio Holdings**



**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%	7.04%
Composite Benchmark	5.10%	22.70%	1.70%	-1.73%	25.16%	5.56%	12.82%	19.97%	18.55%

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

**PERFORMANCE REVIEW**

The United Capital Balanced Fund returned 3.70% for the month of June 2024 and a YTD return of 7.04%, compared to 18.55% posted by the composite benchmark during the same period.

The equities market continued to improve in June 2024, as the NGX All Share Index gained 0.76% MoM. The increase was on the back of sustained interest in fundamentally strong tickers that were trading below the oversold region.

For the second half of the year, we would actively monitor activities in the equities market ahead of the release of H1 financial performance. Exposure to the market will remain on the lower limit while also taking position in attractive tickers that are currently undervalued and increase exposure to fixed income market given the attractive yield in that space.

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](http://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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