

# United Capital Balanced Fund

## Mutual Funds Factsheet | May 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 May 2025, the Nigerian equities market experienced a surge with investors gaining approximately N3.96tn as the market capitalisation grew recording a weekly gain of N1.51tn. Despite intermittent sell-off pressures, the bulls-maintained control of the market during the month as we observed bargain-hunting activities across some fundamentally strong stocks, especially in sectors perceived as hedges against inflation and naira volatility as investors look to position themselves and take advantage of low prices. However, investor caution persisted, following the Monetary Policy Committee's (MPC) decision to keep the benchmark interest rate unchanged at 27.50%. Notably, a standout performer was AIRTELAF, which climbed by 10.00% m/m. Additionally, gains in large cap stocks, MTNN (+12.04% m/m), BUAFOODS (+5.26% m/m), and NESTLE (+44.29% m/m) lifted the local bourse northwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) improved by 562bps to close at 111,742.01 points. Consequently, YTD return strengthened to 8.56% from March's print of 2.79%, with market capitalisation settling at N70.46tn from April's Print of N66.50tn.

In the secondary Money Market, we observed mixed sentiments among investors due to robust liquidity in the financial system, declining stop rates at primary market auctions, and the rate decision by the Monetary Policy Committee (MPC). As a result, the average NT-bills yield was relatively quiet, rising marginally by 1bp m/m to close the month of May-2025 at 20.74% (previously 20.73% in Apr-2025). Meanwhile, the average yield on OMO bills declined by 128bps, settling at 25.70% in May-2025 from 26.98% in the prior month.

In the secondary Bond Market, we observed bullish sentiments, given the excess liquidity in the financial system and the decline in

rates at the primary market auction. Thus, average yields on sovereign bonds closed lower to print at 18.84% in May-2025, 21bps m/m down from the 19.05% print in Apr-2025. Similarly, we observed buy interests in corporate bonds, as average yields in May-2025 fell by 11bps m/m to close at 21.80% (previously 21.91% in Apr-2025).

**Looking ahead into June 2025, we expect investors to start positioning themselves for the Q2 earnings season, favoring corporates with FX gains, cost control, clear growth trajectory, and potential for quality interim dividend payments. We maintain our positive outlook for the domestic equities market, supported by the earnings season. However, investors will continue bargain-hunting stocks with strong fundamentals. Overall, while the positive momentum from May is expected to continue, investors may adopt a more cautious approach amid global uncertainties.**

**We anticipate a marginally lower liquidity inflows into the financial system, driven by expected total inflows of N1.70tn from coupon payments (N216.76bn), NT-bill maturities (N259.76bn), and OMO maturities (N1.23tn). Although this marks a 13.22% decline from May's inflows of N1.96tn, we expect the financial system to remain awash with excess liquidity. Overall, FTD and money market rates are likely to stay at current levels, with a potential to edge lower in June 2025. Hence, fund managers should lock in these current yields for the medium to long term, barring any major market shock. Meanwhile, bullish sentiments are expected to persist in the secondary market as investors continue to take positions given the dovish outlook for rates.**

**In the Bond market, we expect the buying interest amongst investors in the secondary bond market to persist, particularly at the shorter end of the curve. This outlook hinges on investors seeking to lock in on current rates as rates continue to decline. 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 expenditures. The government's reliance on the domestic debt market is due to the overwhelming revenue generation performance compared to the budget.**

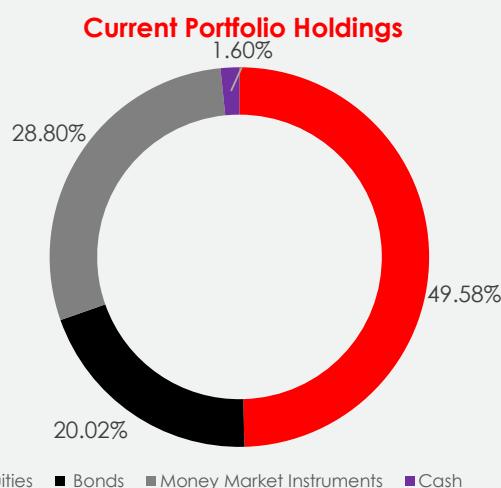
**FUND FEATURES**

<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	Naira/2006
<b>Fund Size (₦)</b>	2.4bn
<b>NAV Per Share (₦)</b>	2.1923
<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

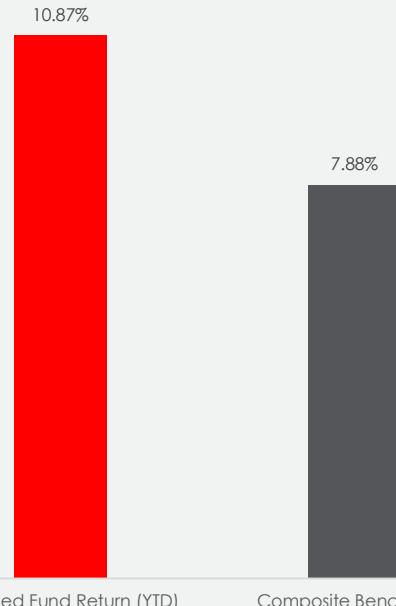
\* Inclusive of management fee; Returns are net of all fees

**MATURITY PROFILE OF ASSETS**

0-30days	22.23%
31-60days	31.51%
61-90days	3.13%
91-180days	0.00%
180-365 days	11.57%
>1 year	31.56%

**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%	10.87%
Composite Benchmark	25.16%	5.56%	12.82%	19.97%	26.62%	7.88%

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

**PERFORMANCE REVIEW**

The United Capital Balanced Fund returned 1.77% for the month of May 2025 translating to a YTD return of 10.87% compared to 7.88% posted by the composite benchmark during the same period.

The Nigerian stock market continued its bullish run in May as the benchmark index gained 5.62% on a MoM basis translating to a YTD return of 8.56%. Following the MPC decision during the month to hold rate at 27.50%, there was minimal reaction in the equities market. The strong performance was attributable to bargain hunting activities by investors amid the release of Q1 2025 earning by few corporates and dividend payments.

Looking ahead for June 2025, we expect that market performance will continue to improve as investors will begin to take position ahead of the release of H1 earnings report. We also expect profit taking activities to continue as prices reach all-time high. 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](http://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



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