

United Capital Balanced Fund

Mutual Funds Factsheet | January 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 January, the bulls started the year strong in the Nigerian Stock Exchange (NGX) as we saw bargain hunting activities across stocks with strong fundamentals ahead of the FY-2023 earning season. In addition, the release of several positive FY-2023 earnings results and corporate action declarations spurred the m/m increase. As a result, the benchmark NGX-All Share Index (NGX-ASI) rose by 35.3% m/m to close at 101,154.7 points. Consequently, market capitalization increased by N14.4tn to settle at N55.4tn.

In the secondary money market, we mostly saw bearish sentiments abound throughout the month. This was essentially driven by the elongated periods of system illiquidity. As a result, the average NT-bills yield climbed by 286bps m/m to close at 9.15% (previously 6.29%). Conversely, the average yield on OMO bills declined by 172bps to settle at 9.63% (previously 11.35%).

Looking ahead into Feb-2024, we maintain our positive outlook for the domestic equities market for Q1-2024, supported by the commencement of the FY-2023 earnings season. Investors will continue bargain-hunting stocks with strong fundamentals. We strongly anticipate impressive outings among corporates in the financial services sector (particularly the banks) given the impact of the Foreign Exchange (FX) revaluation gains and elevated interest rate environment in 2023.

We expect the supply and demand fundamentals to remain the key driver of money market rates. We expect the month of February to be mostly illiquid, providing room for rates to remain elevated at the short-end of the curve. The expected broad-based illiquidity is expected to play a strong background role, stimulating sell-interests at the short end of the curve. That said, we expect money market and FTD rates to remain around current levels, albeit volatile, with the likelihood of reversing higher toward mid-month.

FUND FEATURES

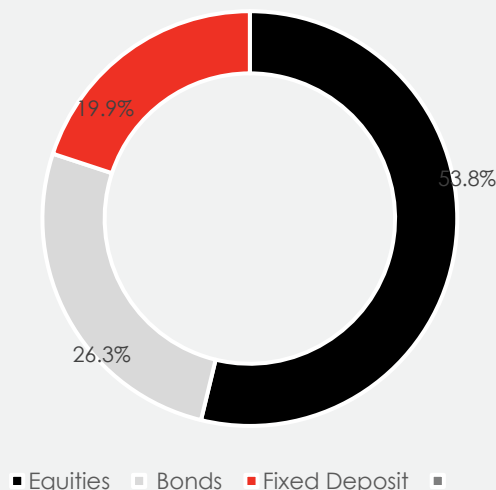
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.7bn
NAV Per Share (₦)	2.0143
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmarks	91-Day T-bills/NSE ASI
Risk Profile	Moderate
Investment Style	Market Oriented

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

MATURITY PROFILE OF ASSETS

0-30days	37.60
31-60days	24.00%
61-90days	0.00%
91-180days	0.00%
180-365 days	38.30%

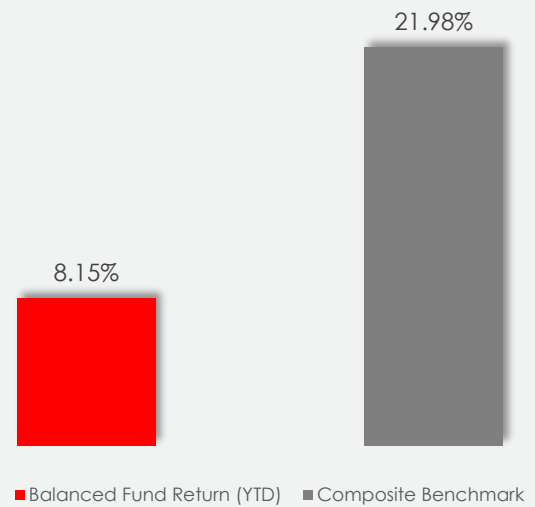
Current Portfolio Holdings



Governance Asset Allocation Ranges:

FGN Eurobonds (50% - 70%); Corporate Eurobonds (50% - 70%); Money Market placements (30% - 50%) Global Fixed Income securities (0% - 20%), Alternative Investment Assets denominated in USD (0% -20%)

Balanced Fund Return Vs Benchmark (YTD)



RETURN HISTORY

	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
United Capital Bal. Fund	5.00%	22.40%	1.16%	3.77%	14.35%	6.19%	4.89%	42.19%	8.15%
Composite Benchmark	5.10%	22.70%	1.70%	-1.73%	25.16%	5.56%	12.82%	19.97%	21.98%

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

PERFORMANCE REVIEW

The United Capital Balanced Fund returned 8.15% for the month of January 2024, relative to 21.98% posted by the composite benchmark during the same period.

The bulls continued dominating the Nigerian Exchange Limited (NGX) floor in January 2024. Positive sentiments amongst investors towards fundamentally sound stocks dominated the market.

In line with the current market performance, the fund would continue to take positions in stocks with low prices, solid valuations, and dividend performance in a bid to take advantage of potential market rally. Going into February 2024, we would invest in strong names to boost the fund return and ensure tactical play to improve fund return. we would also invest in solid banking names as they would release their year end results.

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



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Nigerian Dividend Fund Sukuk Fund Wealth for Women Fund