

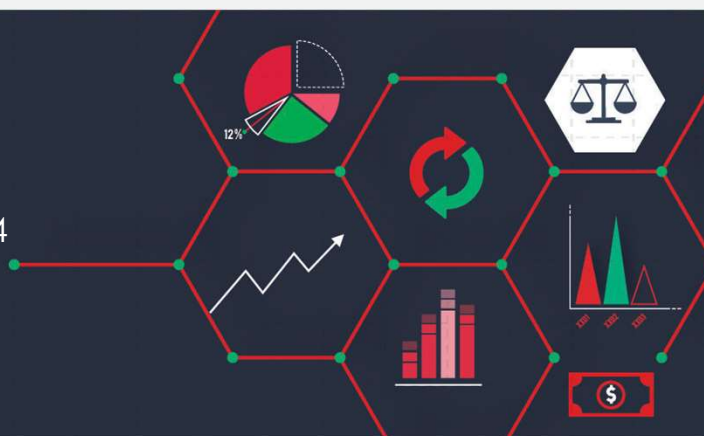
# United Capital Balanced Fund

Mutual Funds Factsheet | March 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 March 2024, the Nigerian Exchange was met with unprecedented resilience amid a tight monetary policy environment, which has seen the MPC hike the benchmark interest rate (MPR) by a cumulative of 600bps in Q1-2024. Riding on the tremendous value that still exists in the equities market and following the bear market in February 2024, the bulls remained very active in terms of bargain hunting, particularly skewed toward the financial services sector. Ultimately, the adverse impact from the torrid monetary policy environment was more reflective across other sectors. Also, worthy of note is the monumental listing by introduction of Transcorp Power Plc on the main board of the exchange (with

market capitalization of N1.8trn), which largely supported the overall performance of the NGX-ASI in March. That said, the benchmark NGX-All Share Index (NGX-ASI) advanced by 4.6% m/m to close at 104,542.10 points (largely helped by share price appreciation in TRANSPOWER (+42.8% m/m)). Hence, market capitalisation climbed to settle at N56.9tn. The activity of the Bulls was evident in the market's breadth which printed at 1.5x, indicating that 55 stocks advanced while 36 depreciated in the period.

At the primary market, the Central Bank of Nigeria (CBN) conducted three NT-bills auctions during the month. Average stop rate surged by 43bps MoM to 18.38% compared to 17.96% in February 2024. The DMO offered a total of N450bn worth of bonds during the month, issuing a new 3-year bond and re-opening two existing bonds.

**Looking ahead into April-2024, we expect mixed sentiment towards equities investments with bullish sentiments looking to outweigh at intervals (in terms of sustained bargain hunting) supported by the increased activities in the equities market following the flurry of corporate actions and the strong/resilient full-year 2023 financial performance of listed corporates (particularly amid the very challenging macroeconomic environment).**

**In the fixed-income market, we anticipate a total of N398.9bn worth of inflows to hit the financial system. This is 64.0% lower than March's inflow of N1.1tn. That said, we anticipate the financial system to be relatively tight. This provides room for money market rates to be elevated. Additionally, we expect MPC's interest rate hike of 200bps to 24.75% to keep system liquidity at bay. As a result, we expect rates (FTD and money market rates) to remain high at current levels with the probability of inching upwards.**

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**

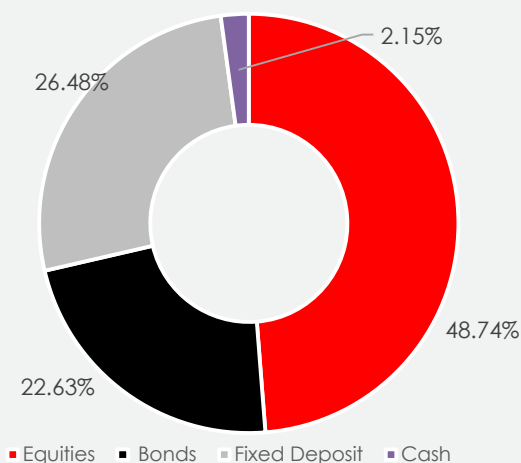
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.9bn
NAV Per Share (₦)	2.0140
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmarks	91-Day T-bills/NSE ASI/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	39.90%
31-60days	14.02%
61-90days	0.00%
91-180days	0.00%
180-365 days	0.00%
>1 year	46.08%

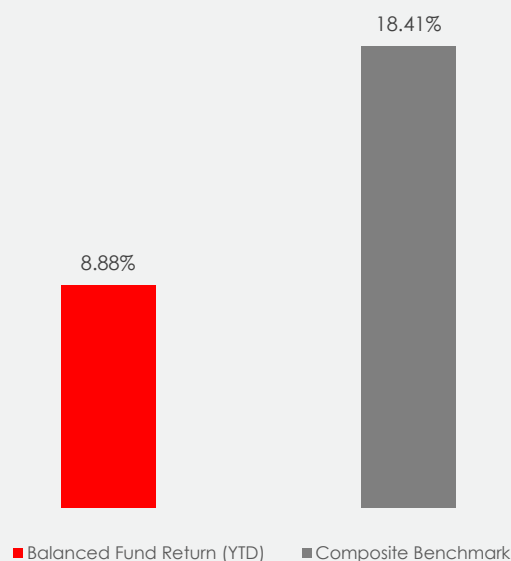
**Current Portfolio Holdings**



**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%	8.88%
Composite Benchmark	5.10%	22.70%	1.70%	-1.73%	25.16%	5.56%	12.82%	19.97%	18.41%

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

**PERFORMANCE REVIEW**

The United Capital Balanced Fund returned 5.00% for the month of March 2024 and a YTD return of 8.88%, compared to 18.41% posted by the composite benchmark during the same period.

The equities market rebounded in March 2024, as the NGX All Share Index gained 4.58% MoM. The market witnessed bullish sentiment despite the hike in the MPR at the MPC meeting held during the month.

In line with the current market performance, the fund will gradually increase exposure to the equities market by taking positions in tickers with strong fundamentals, trading below the target price and high dividend-paying stocks. Additionally, the fund will take advantage of the high yield environment in the fixed income market in a bid to boost the return of the fund.

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



**Diversify your investments  
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