

# United Capital Balanced Fund | Monthly Fact Sheet



October-21

## 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

The local bourse closed on a bullish note for the month of October, following positive 9M-2021 earnings scorecard and speculation on some banking stocks in the past month. As such, the benchmark NGX All Share Index (ASI) grew 4.5% m/m as YTD gain extended to 4.2% while the index printed at 42,0381.6 points.

In the treasury bills market, CBN held two NT-bills Primary Market Auction (PMA) with stop rates on the 91-day and 182-day bills remaining unchanged, while the 364-day bill dipped 25bps and 33bps consecutively, closing the month at 6.99%.

In the bonds market, the Debt Management Office (DMO) conducted a bond auction selling a total of N192.8bn worth of bonds as against N150.0bn on offer. The auction was met with decent demand, albeit weaker than the past four auctions, with bid-to-cover ratio printing at 1.7x, following total bids of N250.7bn. Expectedly, marginal rates were hiked across the offerings, closing at 11.65% (up 5bps, previously 11.60%), 12.95% (up 20bps, previously 12.75%) and 13.20% (up 20bps, previously 13.00%) on the 2026s, 2037s and 2050s respectively.

**In the coming month, we expect to see some profit-taking activities by investors in the equities market. Meanwhile, in the money market, we expect to see the recent trend of bullish activities at upcoming PMAs while investors remain standoff-ish the bond market, consequently forcing long term yields higher.**

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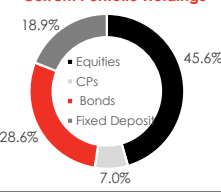
The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	948.4m
NAV Per Share (₦)	1.3452
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmarks	91-Day T-bills/NSE ASI
Risk Profile	Moderate
Investment Style	Market Oriented

## Maturity Profile of FI and MM Assets

0-30days	34.7%
31-60days	12.8%
61-90days	15.6%
91-180days	0.0%
365days & above	36.9%

## Current Portfolio Holdings



\* Inclusive of management fee; Returns are net of all fees  
 FI= Fixed Income, MM=Money Market

## Governance Asset Allocation Ranges:

Money Market (40-60%); Fixed Income (Minimum 20%); Equities (40%-60%)

## 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

## 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

## PERFORMANCE REVIEW

The United Capital Balanced Fund returned 5.03% on a year to date ("YTD") basis, relative to 5.21% posted by the composite benchmark during the same period.

The mixed trend in the equities market impacted positively on the Fund while active trading in short term fixed income instruments helped moderate losses. We remain conservative in line with the investment policy objectives, as our selection of fundamentally strong stocks and high yielding money market instruments should further enhance the performance of the Fund going forward.

## Balanced Fund Return Vs Benchmark (YTD)



## Investment Risks

- Market risk of equity exposure
- Macroeconomic instability

## Return History

	2015	2016	2017	2018	2019	2020	YTD
United Capital Bal. Fund	8.0%	5.0%	22.4%	1.2%	3.77%	14.35%	5.03%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	5.21%

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

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.