

United Capital Balanced Fund | Monthly Fact Sheet



December-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

In the final month of 2021, the equity market recorded a negative monthly return, largely driven by selloffs in large-cap industrials BUACEMENT (-10.0% m/m) and DANGCEM (-8.6% m/m), which pushed the main index, NGXASI, southward by 1.2% m/m. Nonetheless, the Nigerian stock market ended the year in positive territory, as the NGXASI closed at 42,716.4 index points with the FY-2021 return printing at 6.1% and the bourse's market capitalisation settling at N22.3tn.

At the NT-Bills market, the CBN conducted two OMO auctions and three NT-bills auctions. At the NT-bills auctions, the CBN sold the sum of N112.4bn across the 91-day, 182-day and 364-day bills, exactly the amount on offer during the auctions. Across the auctions, stop rates on the 91-day and 182-day bills remained unchanged at 2.5% and 3.5% respectively. On the other hand, the 364-day bill dipped 55bps, 34bps and 10bps at the two auctions, closing the month at 5.9%. In the secondary market, bullish sentiments dominated the market as average NT-bills yield fell by 37bps m/m to close at 4.4% (previously 4.8%).

In the bonds market, the DMO sold a total of N98.8bn, compared with the N100.0bn on offer across the two bond offerings (2026s & 2037s). Investor demand was skewed towards the 2037s which recorded a bid-to-cover ratio of 2.0x, while the 2026s was undersubscribed at 0.5x. Overall, the auction received a total bid of N132.6bn implying a bid-cover ratio of 1.3x. The marginal rate on the 2026s was unchanged from the previous auction at 11.65%, while the marginal rate on the 2037s rose by 15bps to close at 13.10% (previously 12.95%). In the secondary market, market proceedings were broadly bearish as investors continued to maintain a stand-offish approach towards the bonds market. For the month, average yield rose 14bps m/m to 11.6% from 11.4% in the previous month.

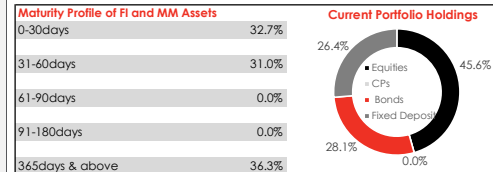
In the coming month, we expect mild sell pressures in the equities market as investors look to take profits off the table, but we expect the Jan-2021 buying interest will resume in no distant time as investors begin to position for FY-2021 dividend announcements. For the NT-bills market, we expect to see increased activities and bullish sentiment dominate the money market as investors remain averse to the bonds market. In the bonds market, we expect mild bearish sentiment to prevail as investors continue to sit on the sidelines due to expectations of higher yields in later months in 2022.

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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 (M)	972.9m
NAV Per Share (M)	1.361
Minimum Entry (M)	10,000
Additional Investment (M)	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



* 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
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

PERFORMANCE REVIEW

The United Capital Balanced Fund returned 1.91% for the Month of December and 6.19% for Full year 2021, relative to 5.56% 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

Balanced Fund Return Vs Benchmark (YTD)



Investment Risks

- Market risk of equity exposure
- Macroeconomic instability

Return History

	2015	2016	2017	2018	2019	2020	2021
United Capital Bal. Fund	8.0%	5.0%	22.4%	1.2%	3.77%	14.35%	6.19%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	5.56%

* 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.