

United Capital Balanced Fund | Monthly Fact Sheet



January-22

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 equity market rallied, expanding by 9.2%, on the back of gains in AIRTELAF (+33.1% m/m) following increased demand by index Fund managers (after the stock's addition to the FTSE 100 in the UK), SEPLAT (+21.7% m/m) following higher oil prices and Ecobank (+43.7% m/m). Increased demand in the final days of the month buoyed by unaudited FY-2021 earnings releases from some blue-chip companies also bolstered sentiments.

At the T-Bills market, the CBN conducted three OMO auctions and two NT-bills auctions. For the OMO auctions, the CBN sold a total of ₦80.0bn in OMO bills at the auctions with stop rates unchanged at 7.0%, 8.5% and 10.1% across the short-, mid-, and long end of the curve. At the NT-bills auctions, the CBN sold a total of ₦281.3bn across the 91-day, 182-day and 364-day tenors, 36.0% higher than the amount offered. Clearly, the sizable amount of liquidity within the financial system in January contributed to strong interest from investors resulting in significant oversubscription at the auctions. Stop rates on the 91-day, 182-day and 364-day bills closed the month at 2.5%, 3.3% and 5.4% respectively.

At the bonds market, the DMO sold ₦170.6bn worth of bonds, overselling its initially planned ₦150bn offer across two bond offerings (reissued 2026 and newly issued 2049s). Investor appetite for bonds was strong as the paper was oversubscribed with bid-cover ratio printing at 2.2x. Marginal rates at the auction closed 15bps lower to 11.5% for the 2026s, while the 2049 (new issue) closed at 13.0%. The decline in the stop rates reflects strong investor appetite for bonds in January following the need to reinvest huge bond maturities and coupon payments (totalling ₦822.6bn).

In the coming month, we expect the equities market to maintain its bullish momentum as investors continue to take positions in anticipation of the forthcoming end-of-year releases. For the NT-bills market, we see the possibility of sustained bullish sentiments on NT-bills in February due to heavy NT-bills maturities, keeping liquidity levels at the short end of the curve elevated. In the bonds market, despite an expected increased aggressiveness in bond raising by the DMO, we expect auction rates to remain at current levels due to increased system liquidity.

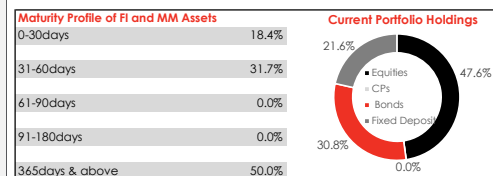
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The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

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 Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	917.8m
NAV Per Share (₦)	1.4
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



* 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

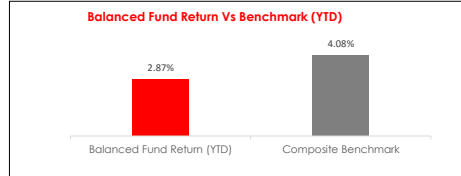
How to participate

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 2.87% on a year to date ("YTD") basis as at the end of January, relative to 4.08% 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.



Investment Risks

- Market risk of equity exposure
- Macroeconomic instability

Return History

	2015	2016	2017	2018	2019	2020	2021	YTD
United Capital Bal. Fund	8.0%	5.0%	22.4%	1.2%	3.77%	14.33%	6.19%	2.87%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	5.56%	4.08%

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