# United Capital Balanced Fund | Monthly Fact Sheet

United Capital Asset Management

*March-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 March, the equity market closed on a bearish note, declining by 0.9% on the back of sell pressure due to profit-taking by investors.

In line with our expectations at the money market last month, stop rates closed lower towards the end of the month. At the NT-bills auctions, the CBN sold a total of ₦432.4bn at all three (3) auctions. Interestingly, in the NT-bills market, yields rose by 45bps at the third and final auction for the month. Weaker buying interest amid tightening liquidity drove stop rates on the 364-day paper higher by 45bps to settle at 4.45%.

In March, the Debt Management Office (DMO) conducted a bond auction to sell ₦150.0bn worth of bonds across the 2026s and 2042s. The auction received strong investors' interest with total bids worth ₦598.4bn, implying a bid-to-cover ratio of 4.0x. The DMO elected to oversell at the auction, with sales totalling ₦296.4bn, almost 2.0x of the amount on offer. The marginal rate on the 2026s and 2042s offerings fell 80bps and 30bps to 10.15% and 12.70% respectively.

**We expect the equities market to turn mildly bearish and remain quiet in the coming month as investors are likely to sit on the side-lines or turn their attention towards other asset classes. In addition, we see the possibility of sustained rate reversal in the fixed income markets as the FGN's need for debt financing becomes more pronounced with a tightening effect on system liquidity.**

| | |
|---|---|
| Fund Manager | United Capital Asset Management Ltd |
| Base Currency/Start Year | Naira/2006 |
| Fund Size (₦) | 923.7m |
| NAV Per Share (₦) | 1.4162 |
| 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 |

## PERFORMANCE REVIEW

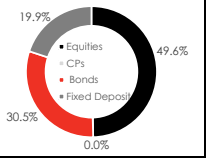
The United Capital Balanced Fund made a gain of 4.06% on a year to date ("YTD") basis as at the end of March, while the composite benchmark posted a return of 5.09% for the same period.

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.

**Maturity Profile of FI and MM Assets**

| | |
|---|---|
| 0-30days | 47.8% |
| 31-60days | 0.0% |
| 61-90days | 0.0% |
| 91-180days | 0.0% |
| 365days & above | 52.2% |

**Current Portfolio Holdings**




**Balanced Fund Return Vs Benchmark (YTD)**

** 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

## Investment Risks

- 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

## Return History

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | YTD |
|---|---|---|---|---|---|---|---|---|
| United Capital Bal. Fund | 8.0% | 5.0% | 22.4% | 1.2% | 3.77% | 14.35% | 6.19% | 4.06% |
| Composite Benchmark | -1.7% | 5.1% | 22.7% | 1.7% | -1.73% | 25.16% | 5.56% | 5.09% |

**Represents the Fund's Absolute Return vs the Benchmark's Absolute return*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**The United Capital Balanced Fund is regulated by the Securities & Exchange Commission**


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