

November-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 November, the bulls dominated the Nigerian Exchange (NGX) as bargain hunting in stocks with fundamentals prevailed, halting the five consecutive months of bearish outflows in the market. Despite the pessimistic outlook for the equities market amid rising money market rates, attractive valuations following months of selling pressure were exploited by investors, particularly as many attempted to reinvest interim dividends received. This spurred the m/m increase in November.

Notably, buy interests in large-cap stocks such as DANGCEM (+19.0% m/m), AIRTELAF (+14.6% m/m), MTNN (+11.0% m/m), and BUACEMEN (+10.0% m/m) drove the local bourse upwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) climbed by 8.7% m/m to close at 47,660.0 points. Consequently, YTD return improved significantly to 16.7%, from October's 2.6% print, with market capitalisation settling at N26.0tn.

The CBN conducted two primary market NTB auctions to roll over maturing bills to the tune of N406.4bn, spread across the 91-day, 182-day, and 364-day bills. At the first Primary Market Auction (PMA), the Central Bank of Nigeria (CBN) rolled over a total of N193.0bn maturing bills. At the auction, investors' demand was strong, particularly skewed towards the tail-end of the curve. The auction was oversubscribed by 2.7x, with total subscription printing at N520.9bn. The apex bank opted to oversell the auction, allotting a total of N310.1bn worth of bills. Notably, stop rates remained unchanged at 6.5% and 8.1%, while the stop rate on the 364-day declined by 51bps to settle at 13.99%.

Lastly, the DMO conducted its Nov-2022 FGN bond auction, with a total offer size of N225.0bn across the 2029s, 2032s, and 2037s. Investors' demand was decent as total bids recorded surpassed the total amount on offer, with a bid-to-cover ratio of 1.5x. Overall interest was skewed towards the longer end of the curve, with the bulk of total bids aimed at the 2037s, oversubscribed at a 3.6x bid-cover ratio. The CBN opted to oversell the auction (N269.2bn) with an allotment rate of 1.2x. Marginal rates crawled higher at the auction, with stop rates across the bond offerings printing at 14.75%, 15.20%, and 16.20%, up by 25bps, 20bps, and 20bps, respectively.

Looking forward, we expect to see a slowdown in the recent rally as short-term investors look to book profits as the year rounds up. In the money market, we anticipate a lighter financial system in December, with total expected sovereign maturities of N170.4bn, 72.0% lower than November's inflows. Lastly, we maintain our expectations of an elevated yield environment, primarily due to the Federal Government's continued reliance on the domestic debt market for its liquidity needs and the shortfall in inflows to the system.

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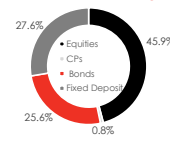
The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (M)	1bn
NAV Per Share (M)	1.3213
Minimum Entry (M)	10,000
Additional Investment (M)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmarks	91-Day T-bills/NSE ASI
Risk Profile	Moderate
Investment Style	Market Oriented

Maturity Profile of FI and MM Assets

0-30days	48.6%
31-60days	4.1%
61-90days	14.4%
91-180days	0.0%
365days & above	32.9%

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
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

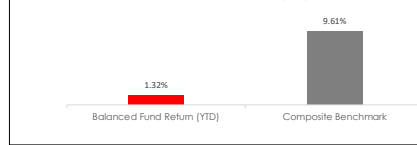
PERFORMANCE REVIEW

The United Capital Balanced Fund returned 1.32% on a year to date (YTD*) basis, relative to 9.61% posted by the composite benchmark during the same period.

In November, the bulls dominated the market. As a result, the benchmark NGX-All Share Index (NGX-ASI) MTD return printed at 8.72%. Consequently, YTD return improved significantly to 11.58%, from October's 2.63% print, with market capitalisation settling at N26.0tn.

We remain conservative in line with the investment policy objectives, as our selection of fundamentally strong stocks and high yielding fixed income instruments should further enhance the returns 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	2021	YTD
United Capital Bal. Fund	8.00%	5.00%	22.40%	1.16%	3.77%	14.35%	6.19%	1.32%
Composite Benchmark	-1.69%	5.10%	22.70%	1.70%	-1.73%	25.16%	5.56%	9.61%

* 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.