

February-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 Nigerian equity market finished the month of February lower, sparked by surging fixed-income yields. The benchmark index, NSE All-Share Index, depreciated by -6.16% on a m/m basis, closing the month at an index level of 39,799.9pts, below the 40,000-point psychological threshold crossed on 31st Dec 2020. The YTD return and market capitalization ended the month at -1.17% and 20.8tn, respectively.

Conversely, the money market rates continue to rise. Similar sentiments drove the bond market during the period as investors continued to exit their long positions. Accordingly, the average sovereign bond yield surged by 117bps m/m to 9.24% in February from 8.07% at the end of January. The dynamics in the debt market continued to be shaped by the fast rising primary market rates at the auctions for Treasury Bills, OMO and Bond Auction during the month.

This month, we expect the equity market to continue to trend southward as fixed-income yields climb further. However, we do not rule out bargain hunting in attractive dividend-paying stocks. In the fixed income market, we see sustained bearish activity in the month ahead. We expect the FG's reliance on the debt market to drive investor push for higher yields at primary auctions, and this will continue to guide rates higher. A factor that could drive yields lower would be the CBN's doing a "no sale" auction, which we do not expect to happen considering the FG's huge deficit financing needs. Overall, we expect fairly robust system liquidity, supported by N334.8bn in OMO maturities.

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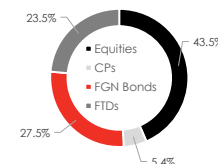
The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	912.9m
NAV Per Share (₦)	1.3551
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	80.3%
31-60days	19.7%
61-90days	0.0%
91-180days	0.0%

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

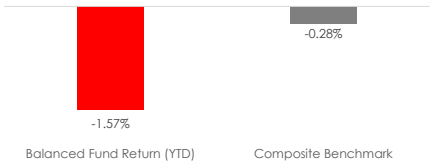
1. Log in to our online platform www.investnow.ng
2. Click on "Balanced Fund"
3. Click on "Open an account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments

PERFORMANCE REVIEW

The United Capital Balanced Fund returned -1.57% on a year to date ("YTD") basis, relative to -0.28% posted by the composite benchmark during the same period.

The bullish trend in the equities market impacted positively on the Fund while active trading in short term fixed income instruments helped increase returns. 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%	-1.57%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	-0.28%

Past performance is not a reliable indicator of future performance. 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.