

January-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

On a positive note, the Nigerian equity market kicked off the year, returning +5.3% as at the end of January 2021 whilst also closing the month at an index level of 42,413.7 points. The depressed yield environment, buoyant system liquidity and positive FY-2020 earnings expectations maintained a strong case for equities. In the same vein, we saw bearish sentiments at the secondary NTB and OMO market as average yield rose by 59bps and 107bps to close at 1.05% and 1.65% respectively. Similarly, sentiments were bearish at the secondary bond market amid increased local demand. Accordingly, average bond yield rose 195bps month-on-month to 8.07% in January 2021.

This month, with the MPC decision to maintain all policy parameters, and companies across sectors reporting better-than-expected Q4-2020 earnings, we anticipate sustained buying interest in equities. As such, our outlook for Q1-2021 remains unchallenged. We are overweighting equities to strategically benefit from the last wave of the market rally before a potential correction in Q2-2021. In the face of increased indications of an impending yield reversal, we will continue to stay at the short end of the yield curve as yields on long tenored duration-sensitive bonds sustain uptrend.

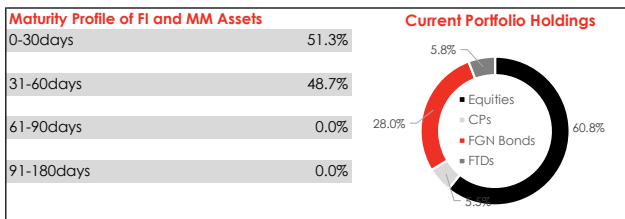
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The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

Past performance is not a reliable indicator of future performance. 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 (₦)	987m
NAV Per Share (₦)	1.46615
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

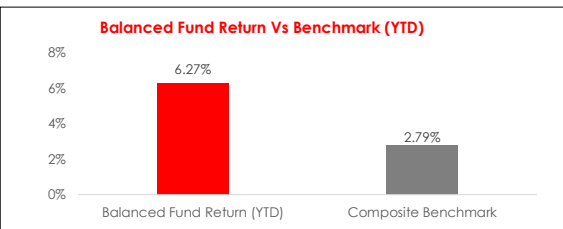
How to participate

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 6.27% on a year to date ("YTD") basis, relative to 2.79% 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.



Investment Risks

- Market risk of equity exposure
- Macroeconomic instability

Return History

	2015	2016	2017	2018	2019	2020	Jan-21
United Capital Bal. Fund	8.0%	5.0%	22.4%	1.2%	3.77%	14.35%	6.27%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	2.79%