

United Capital Balanced Fund | Monthly Fact Sheet



August-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 local bourse closed on a bullish note for the month of August despite the somewhat bearish sentiment that dominated the local bourse during the month. We note that investors had an extended period of profit taking following the strong gains recorded in Jul-2021. However, strong gains in telecoms stocks (which contributes 30.9% of total market cap) outweighed the broad-based negative sentiments as MTNN (+4.5% m/m) and AIRTELAF (+22.0% m/m) combined to push the domestic equities market to another positive close. All in, the benchmark NGX All Share Index (ASI) gained 1.7% m/m as YTD loss moderated to 2.6%, with the index printing at 39,219.61 points.

In the NT-bills market, bullish sentiments dominated as average NT-bills yield closed lower by 132bps to close at 4.6% (previously 5.9%). Similarly, in the OMO bills market, average yield fell by 262bps to 6.1% (previously 8.7%). Similarly, investor demand for Naira bonds remained strong sustaining the decline in bond yields. For the month, average bond yield declined by 90bps m/m to 11.2% from 12.1% in the previous month. In the corporate segment, average bond yield simultaneously declined by 100bps m/m to 11.7% from 12.7%.

In the coming month, we expect investors' interest in the equities market to pick up if yields in the fixed income market sustain a downward pattern. For the money market, we expect bullish sentiments to dominate activities this month as sovereign debt managers continue to aggressively push rates lower while demand for bills remain high. In the bonds market, we see demand-led activities in the secondary bonds market as investors continue to attempt to lock-in bids amid the decline in yields. Consequently, this would further spur further decline in yields at the secondary market.

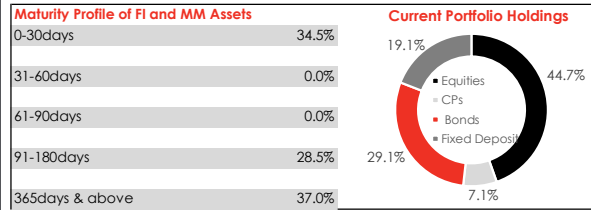
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The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

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 (₦)	922.8m
NAV Per Share (₦)	1.3287
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

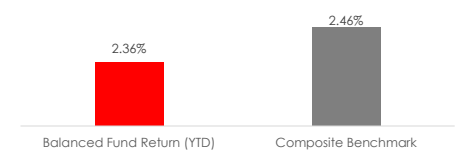
1. Log in to our online platform www.investnow.ng
2. Click on "Balanced Fund"
3. Click on "Open and account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments

PERFORMANCE REVIEW

The United Capital Balanced Fund returned 2.36% on a year to date ("YTD") basis, relative to 2.46% 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.

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%	2.36%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	2.46%

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