

United Capital Balanced Fund | Monthly Fact Sheet



March-23

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 bears resumed activities in the Nigerian Exchange Limited (NGX) as we saw profit-taking activities off high-performing stocks due to the extended rallies in the market. Notably, sell-offs in large-cap stock AIRTELAF (-8.7% m/m) primarily dragged the local bourse downwards. In addition, price depreciations in SEPLAT (-13.2% m/m), BUACEMENT (-1.6% m/m), and STANBIC (-9.8% m/m) contributed to the bear market. As a result, the benchmark NGX-All Share Index (NGX-ASI) declined by 1.7% m/m to close at 54,858.0 points. Consequently, YTD return weakened to 7.0%, from February's 8.9% print, with market capitalisation settling at N29.7tn.

The Debt Management Office (DMO) conducted the FGN bond auction for March 2023, offering N360.0bn across the 2028s, 2032s, 2037s, and 2049s. Investors' demand came in strong, with total subscriptions printing at N808.6bn, representing a bid-to-cover ratio of 2.2x. The DMO oversold the auction, allotting N563.4bn worth of papers. The marginal rate across the 2032s, 2037s and 2049s declined by 15bps, 70bps and 25bps to 14.75%, 15.20% and 15.75% respectively. On the other hand, the marginal rate on the 2028s paper remained unchanged to settle at 14.00%.

The DMO also released the Bond Issuance Calendar for Q2-2023, which showed the 2028s & 2032s would continue being offered at auctions while the 2037s & 2049s would be replaced with 2042s & the 2050s, respectively, at subsequent auctions.

Looking forward, we maintain a positive outlook for the domestic equities market in Apr-2023, as investors' risk-on sentiment is projected to prevail. We expect the illiquidity in the system to persist, hinged on the absence of any inflows in the first half of the month. As a result, we believe that the money market and FID rates will climb marginally above current levels. However, there will be a rate reversal in the last two weeks of April on the back of the significant inflows from N236.0bn coupon payments and N736.0bn worth of FGN bond maturity expected to hit the financial system. Thus, we expect the money market and funding rates to begin descent in the second half of the month, due to the excess system liquidity. In April, we expect significant bond maturities of over N700.0bn, to hit the financial system, toward the last two weeks of the month. This will taper yields (rates) from the mid-long end of the curve.

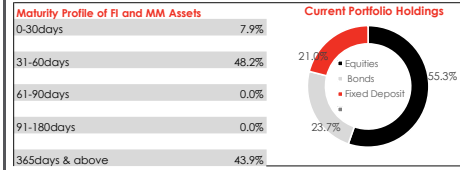
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The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

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 (M)	1.2bn
NAV Per Share (M)	1.5705
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



* 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

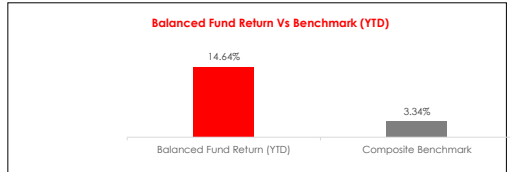
1. Log in to our online platform www.investnow.ng
2. Click on "Balanced Fund"
3. Click on "Open and account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments

PERFORMANCE REVIEW

The United Capital Balanced Fund returned 14.64% on a year to date ("YTD") as at the end of March, relative to 3.34% posted by the composite benchmark during the same period.

In March, the bears resumed activities in the Nigerian Exchange Limited (NGX) as we saw profit-taking activities off top-performing stocks due to the extended rallies in the market. We also saw result releases and the positive earnings and dividend performance of most corporates for FY-2022 bolstered investors' interest in local equities. In the bond space, we saw bearish sentiments from investors. Sell-offs were prevalent on the shorter tenor papers; investors switched to the more attractive money market as the central bank extended its hawkish run hiking the MPR by 50bps to 18.0%.

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.



Investment Risks

- Market risk of equity exposure
- Macroeconomic instability

Return History

	2016	2017	2018	2019	2020	2021	2022	YTD
United Capital Bal. Fund	5.00%	22.40%	1.16%	3.77%	14.35%	6.19%	4.89%	14.64%
Composite Benchmark	5.10%	22.70%	1.70%	-1.73%	25.16%	5.56%	12.82%	3.34%

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