

United Capital Balanced Fund | Monthly Fact Sheet



November-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 equity market continued its positive run in November to gain 2.9%, closing the month at 43,248.05 points, as YTD return improved to 7.4% and market capitalisation closed at N22.6tn. The positive return was on the back of buying interest in large-cap telecoms tickers which was triggered by the Central Bank of Nigeria (CBN) granting approval in principle to major telecoms operators to operate Payment Service Banks (PSB). Consequently, AIRTELAFR (+21.8% m/m) and MTN (+8.7% m/m) closed the month strongly.

During the month, the CBN conducted two NT-bills auctions. At the NT-bills auctions, the CBN sold the sum of N411.9bn across the 91-day, 182-day and 364-day bills, despite offering to sell just N269.6bn during the auctions, keeping in line with the bank's strategy of overselling auctions. Across the auctions, stop rates on the 91-day and 182-day bills remained unchanged at 2.5% and 3.5% respectively. On the other hand, the 364-day bill dipped 49bps and 61bps at the two auctions, closing the month at 5.9%.

In the bonds market, the DMO sold a total of N225.3bn, compared with the N150.0bn on offer across the three bond offerings (2026s, 2037s & 2050s). Investor demand was skewed towards the 2050s which recorded a bid-cover ratio of 4.1x, while the 2026s and 2037s closed at 1.0x and 0.9x respectively. The oversubscription at the bond auction is unsurprising given investors have constantly signalled unwillingness to buy bonds at the secondary market, reserving bids for the monthly auction. The marginal rates on the 2026s, 2036s were unchanged from the previous auction at 11.65% and 12.95% respectively, while for the third consecutive auction, the 2050s continued its upward trajectory rising by 10bps to close at 13.30% (previously 13.20%).

In the coming month, we expect the market to continue to trade bearish due to absence of major positive factors to catalyse investors' interest in the equities market. We expect the NT-bills market to maintain a bullish posture as investors continue to be expressively interested in short tenor instruments. We expect demand-led activities to drive money market rates lower in December. We expect the bearish sentiments in the bonds market to prevail. Investors appear to continue to take a measured approach towards investing at the long end of the curve amidst aggressive government borrowings.

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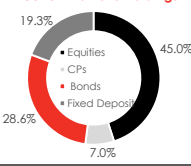
The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	941.3m
NAV Per Share (₦)	1.3355
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	12.7%
31-60days	50.6%
61-90days	0.0%
91-180days	0.0%
365days & above	36.7%

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

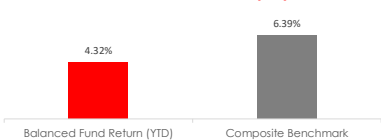
1. Log in to our online platform www.investnow.ng
2. Click on "Balanced Fund"
3. Click on "Open and account" and complete the online form
4. Fund your account online with a one-time payment or recurrent payments

PERFORMANCE REVIEW

The United Capital Balanced Fund returned 4.32% on a year to date ("YTD") basis, relative to 6.39% 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%	4.32%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	6.39%

* 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.