

May-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 stock market closed in the red in May-2021, following heavy selloffs in the industrial sector index. The benchmark index, NSE All-Share Index, returned -3.5% on a month on month (m/m) basis, closing the month at an index level of 38,437.9pts. The year to date (YTD) return and market capitalization ended the month at -4.6% and ₦20.0tn, respectively. On the other hand, we saw the money market continue to witness strong bearish sentiments as yields across the different segments of the market continued to surge higher.

The average yield on NTBs in the secondary market rose to 6.1%, from 4.7% at the end of April. Similar sentiments drove the bond market during the period amid persistent demand for higher yields. Accordingly, the average sovereign bond yield rose by 55bps m/m to 12.8% as of 31st May from 11.9% at the end of April. The yield environment in the secondary markets continued to reflect investors demand for higher yields at the primary market and weigh heavy on investor risk appetite on the equity market.

In June, we expect the equity market to enjoy a short term rebound with the weakening momentum in the yield environment likely to spur bargain hunting in lucrative dividend-paying stocks ahead of HY-2021 earnings season. We expect continued bearish activity in the fixed income market to continue in the coming month. However, at recent auctions, we are beginning to see signs of the upward yield reversal plateauing.

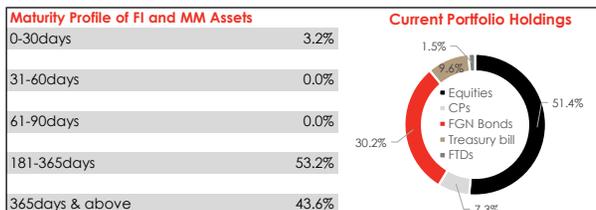
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The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

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 (₦)	902.6m
NAV Per Share (₦)	1.3385
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

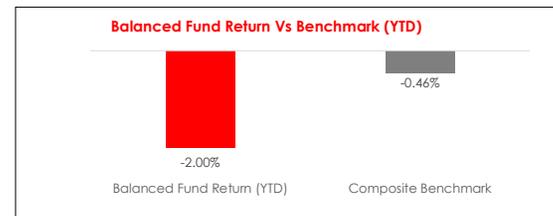
How to participate

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 -2.00% on a year to date ("YTD") basis, relative to -0.46% posted by the composite benchmark during the same period.

The bearish trend in the equities market impacted negatively on the Fund while active trading in short term fixed income instruments helped moderate losses in light of the increasing interest rate. 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	YTD
United Capital Bal. Fund	8.0%	5.0%	22.4%	1.2%	3.77%	14.35%	-2.00%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	-0.46%

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