

June-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 equity market closed the month in the red, primarily driven by sell-offs in AIRTELAF (-20.3% m/m) as well as insurance stocks. The benchmark index, NSE All-Share Index, lost 1.4% on a month on month (m/m) basis, closing the month at 37,907.28 points. Consequently, YTD loss expanded to 5.9%, while market capitalization printed at ₦19.8tn at the end of Jun-2021.

Similarly, the secondary money market continued to witness bearish sentiments despite decline in stop rates at recent PMAs. In the secondary NT-bills market, average NT-bill yields inched higher by 48bps to close at 6.58% (previously 6.10%) in June. Similarly, in the OMO market, average yield increased by 19bps to 9.87% (previously 9.68%). Contrarily, the bonds market turned bullish as average sovereign bond yield fell m/m for the first time in six months, down 66bps m/m to 11.8% in June from 12.5% at the end of May.

This month, we expect to see buying interest on stocks that deliver solid corporate earnings amidst the broad bearish sentiments. However, our long-term position for the quarter on equities remains largely bearish. For bonds, sovereign bond maturities and coupon inflows totalling ₦815.0bn is expected to hit the bonds market. Investors expecting this huge liquidity are expected to reinvest in new bonds, creating strong demand for bonds and consequently driving yields lower.

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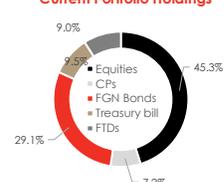
The United Capital Balanced Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	921.9m
NAV Per Share (₦)	1.3769
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	16.2%
31-60days	0.0%
61-90days	0.0%
181-365days	33.1%
365days & above	37.7%

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 0.81% on a year to date ("YTD") basis, relative to -0.52% 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 improve returns 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.

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%	0.81%
Composite Benchmark	-1.7%	5.1%	22.7%	1.7%	-1.73%	25.16%	-0.52%

* 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.