

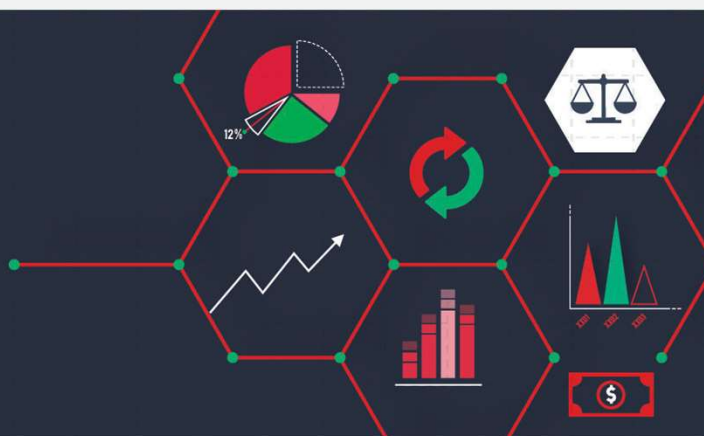
# United Capital Equity Fund

Mutual Funds Factsheet | April 2024

**Contact Us:**

Emmanuel Akechomen | +234-703-180-3064 | [emmanuel.akechomen@unitedcapital.com](mailto:emmanuel.akechomen@unitedcapital.com)

Asset Management | +234-1-631-7876 | [assetmanagement@unitedcapital.com](mailto:assetmanagement@unitedcapital.com)



**FUND OBJECTIVE**

The United Capital Equity Fund invests in quoted equities that are traded on the Floor of the Nigerian Exchange ("NGX"). The objective of the Fund is to achieve high returns over a medium to long-term period. The Fund is suited for investors who have a long-term outlook and have funds that can be set aside for investments extending for a period of more than one year. The Fund is impacted by fluctuations in stock prices.

The Fund seeks to achieve long-term capital appreciation and income distribution through investment in fundamentally strong companies. As such, the Fund targets investors who seek significant capital appreciation in the long-term and can tolerate the volatility in the stock market.

**MARKET REVIEW, OUTLOOK AND STRATEGY**

In April, the bears dominated the Nigerian Stock Exchange (NGX). We observed portfolio rebalancing activities, with investors mostly risk-averse (particularly given the hawkish monetary policy environment). We observed quite significant sell-offs across the banks, with deeper analysis indicating that foreign NGX participants continue to reserve concerns with regards to the recapitalization exercise, and the potential of the banks to raise the required capital, within the stipulated time frame. As a result, the benchmark NGX-All Share Index (NGX-ASI) declined by 6.06% m/m to close at 98,225.63 points. Consequently, YTD return weakened to 31.4% from March's print of 39.8%, with market capitalisation settling at N55.6tn.

On a sectoral level, market activities were broadly bearish, as all the five (5) sectors under our coverage closed in the red. The Banking sector (-24.8% m/m) led the laggards. Trailing behind were the Insurance (-6.5% m/m), Consumer goods (-4.0% m/m) and Industrial goods sector (-3.2% m/m) sectors. Lastly, the Oil & Gas sector lost 2.0 % m/m.

On corporate disclosures, the Q1-2024 earnings season commenced with full swing as several corporates released their financial results for the period. Dangote Cement Plc recorded a 101.0% y/y growth in revenue from N406.7bn in Q1-2023 to N817.4bn in Q1-2024. The company's Profit After Tax (PAT) grew by 2.9% y/y from N109.5bn in Q1-2023 to N112.7bn in the period under review. As a result, Earnings Per Share (EPS) rose by 3.7% y/y from N6.44 in Q1-2023 to N6.68 in Q1-2024.

In the consumer goods sector, Nigerian Breweries declared a loss after tax of N52.1bn in Q1-2024, up 386.1% y/y from the loss after tax of N10.7bn declared in the corresponding period of 2023. The poor performance of the company can be attributed to the 370.2% y/y increase in net finance expenses which settled at N90.8bn (previously, N19.3bn). Similarly, International Breweries recorded a loss after tax of N60.4bn in Q1-2024. Despite the 89.7%

y/y topline growth, increases in other expenses (due to FX losses) from N2.6bn to N87.6bn weighed on the overall profitability of the company.

In banking sector, ACCESS recorded a topline revenue growth of 129.2% y/y from N425.1bn in Q1-2023 to N974.2bn. The company recorded a 183.1% y/y increase in interest income owing to the hawkish monetary policy environment. As a result, PAT grew by 121.8% y/y from N71.8bn in Q1-2023 to N159.3bn in Q1-2024. Among tier-2 banks, FCMB, FIDELITY, STANBIC and WEMA recorded 209.6% y/y, 101.4% y/y, 58.1% y/y and 79.7% y/y growth in their Profit After Tax (PAT) to settle at N28.8bn, N31.4bn, N45.6bn and N9.7bn, respectively, in FY-2023. This is on the back of increased interest income given the elevated interest rate environment during the period. Additionally, increased trading activities and Foreign Exchange (FX) revaluation gains contributed to the growth.

On corporate action, several companies announced their dividend declarations for the financial year ended 2023. In the consumer goods, BUA Foods Plc and Unilever Nigeria Plc declared a final dividend of N5.50/share and N0.75/share with payment dates of 26th-Sep-2024 and 10th-May-2024 respectively. Dangote Cement Plc declared a final dividend of N30.00/share with a payment date of 31st-May-2024. Okomu Plc declared a final dividend of N14.00/share with a payment date of 23rd-May-2024. In the banking sector, Fidelity Bank Plc, Stanbic IBTC Holdings Plc and FCMB Group Plc declared a final dividend of N0.60/share, N2.20/share and N0.50/share with payment dates of 16th-May-2024, 17th-May-2024 and 24th-May-2024, respectively. Lastly, Transcorp Hotel announced a final dividend of N0.20/share with qualification and payment dates of 15th-Apr-2024 and 30th-Apr-2024 respectively.

Nigerian Breweries Plc has announced its plan to raise up to N600.0bn capital through rights issue. Due to the negative impact of the devaluation of the Naira and the high cost of funds on the company's capital structure (especially on the company's debts), the proceeds from the rights issue will help to reduce the huge debt burden arising, thereby leading to a healthier balance sheet.

**Looking ahead into May-2024, we expect the bearish sentiments amongst investors to persist in the local equities market given the recent developments in the fixed-income market. The impact of the high yields in the fixed-income market will continue to drive sell-offs as investors switch their asset classes to less risky assets. However, we expect bargain hunting activities to lurk in the shadows, owing to the tremendous opportunities presented by the recent bearish trend (particularly around the banks).**

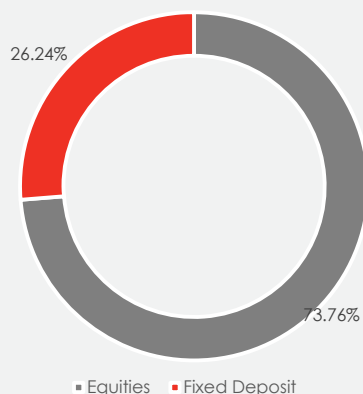
Past performance is not a reliable indicator of future performance, and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into 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 FEATURES**

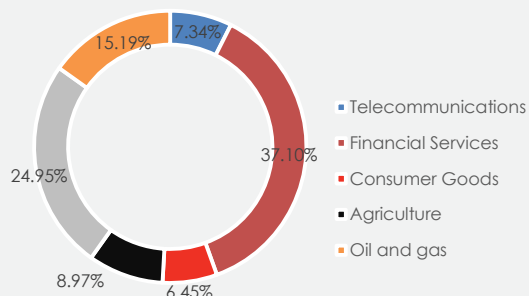
<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	Naira/2006
<b>Fund Size (₦)</b>	3bn
<b>NAV Per Share (₦)</b>	1.4848
<b>Minimum Entry (₦)</b>	10,000
<b>Additional Investment (₦)</b>	5,000
<b>Structure</b>	Open Ended
<b>Entry/Exit Charges</b>	Nil
<b>Management Fee</b>	1.5%
<b>Total Expense Ratio*</b>	1.8%
<b>Benchmark</b>	NGX ASI
<b>Investment Style</b>	Aggressive
<b>Base Currency/Start Year</b>	Growth Oriented

\* Inclusive of management fee; Returns are net of all fees

**Fund Asset Allocation**

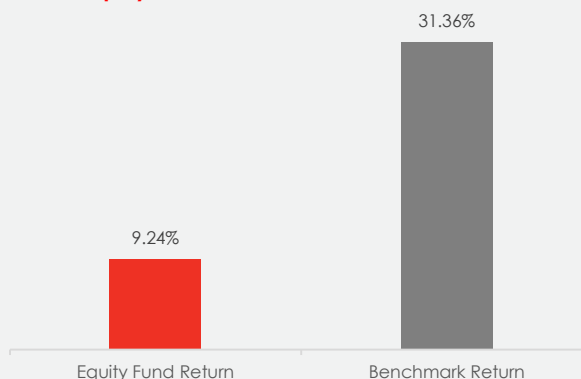


**Equity Sectoral Allocation**

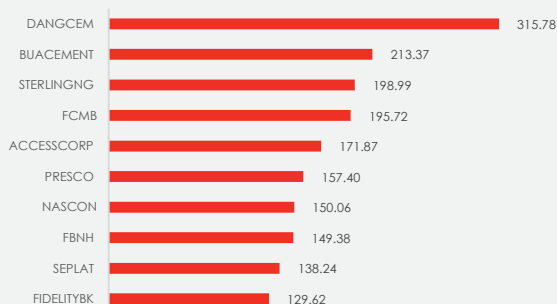


**Governance Asset Allocation Ranges:**  
Money Market(10%-30%); Equities: 70%-90%

**Equity Fund Performance Vs Benchmark**



**Top ten Equity Exposures value (million)**



**RETURN HISTORY**

	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
UCAP Equity Fund	-1.00%	36.10%	-5.42%	-1.59%	22.91%	16.43%	7.55%	48.38%	9.24%
Benchmark (ASI)	-1.90%	42.30%	-17.80%	14.60%	50.03%	6.07%	19.98%	45.90%	31.36%

\*Represents the Fund's Annualized Return vs the Benchmark's Annualized Return

**PERFORMANCE REVIEW**

The United Capital Equity Fund returned -7.21% for the month of April 2024 translating to a YTD return of 9.24%, relative to the return of 31.36% posted by the benchmark for the same period.

The equities market declined in April 2024, as the NGX All Share Index lost 6.06% MoM. The decline was on the back of the recent recapitalization in the banking sector and foreign participants exiting their position following the appreciation of the currency during the month.

In line with current market realities and ahead of the release of more Q1 2024 earnings reports, we would rebalance the equities position of fund and increase exposure to fixed income market given the attractive yield in that space.

The fund would continue to take positions in stocks with low prices, solid valuations, and dividend performance in a bid to take advantage of potential market rally. We will maintain our allocation in line with the investment policy objectives and the Trust Deed.

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.

### WHY CHOOSE THE FUND?

- Delivers significantly higher returns than regular domiciliary bank deposits
- A good hedge against depreciation of the Naira
- Seamless Entry and Exit
- Professional management with robust risk framework
- Long term capital preservation and growth

### INVESTMENT RISK

- Credit Risks
- Macroeconomic instability
- Interest Rate Risk

### HOW TO PARTICIPATE

1. Log in to our online platform [www.investnow.ng](http://www.investnow.ng)
2. Click on "Equity Fund"
3. Click on "Open and account".
4. Fund your account online with a one-time payment or recurrent payments.



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