

# United Capital Equity Fund

Mutual Funds Factsheet | December 2024

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## 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 December, the bulls dominated the Nigerian Exchange (NGX) despite pockets of sell-interests during the month. As measured by market's breadth (4.35x), bargain hunting activities seemed to trigger the famous "Santa Rally", as investors looked to exploit short-mid-long-term opportunities. For context, 87 equities advanced in December compared to the 20 equities that depreciated. Notably, a standout performer was MTNN (+17.65% m/m), driven by Telecom operators' quest for 100.00% tariff hike, aimed toward addressing the significantly elevated operational costs, including inflation and increased service delivery expenses. Ultimately, the benchmark NGX-All Share Index (NGX-ASI) climbed by 5.56% m/m to close at 102,926.40 points, bringing 2023 YTD return to 37.65% with market capitalisation settling at N63.10trn. Interestingly, the performance of the NGX in 2024 looked to outpace domestic Inflation, which printed at 34.60% as of Nov-2024.

On a sectoral level, market activities were broadly bullish, as all five (5) sectors under our coverage closed in the green. The Insurance sector (+47.16% m/m) led the gainers due to massive buy-interest in SUNUASSU (+175.64% m/m), WAPIC (+118.45% m/m) and CORNERST (+40.63% m/m). Trailing behind were the Oil & Gas (+13.89% m/m), Consumer goods (+8.94% m/m), Banking (+5.99% m/m), and Industrial goods (+1.30% m/m) sectors following share price appreciations in CONOIL (+40.29% m/m), SEPLAT (+7.55% m/m), MRSOIL (+65.00% m/m), BUAFOODS (+5.09%

m/m), FIDELITY (+14.38% m/m), ETI (+9.80% m/m), UBA (+3.98% m/m), and WAPCO (+20.60% m/m).

On corporate actions, Access Holding Plc secured full regulatory approvals for its recently closed Rights Issue of 17,772,612,811 ordinary shares of 50 Kobo each at N19.75 Kobo per share ('the Rights Issue') and has raised the target amount of N351,009,103,017.25.

Aradel Holdings Plc entered into an agreement to acquire a 5.14% equity interest in Chappal Energies Mauritius Limited, an energy company focusing on investments in deep value and brownfield upstream opportunities within Africa. On 06-Dec-2024, Chappal announced the acquisition of Equinor Nigeria Energy Company, which holds a 53.85% ownership in oil and gas lease OML 128, including the unitised 20.21% stake in the Agbami oil field, operated by Chevron.

Access Bank Plc signed an agreement to acquire a 100.00% equity stake in South African based Bidvest Bank. Lastly, Holcim Group signed an agreement with Huaxin Cement to sell its shareholding in Lafarge Africa Plc.

**Looking further into January 2025, we expect more of bullish sentiments in the equities market, as investors look to exploit the short-mid-long-term opportunities. Given the elevated levels of risk-free rates, coupled with the prospects for yield curve normalisation in H1-2025, we anticipate sustained interest toward the fixed income market, as investors look to lock in current high yields. This factor will likely weigh on the magnitude of interest toward risk asset classes. However, other factors including the anticipated progress on inflation (with a 95.00% chance of the high base effect kicking in, in Jan-2025), expectations of neutral monetary policy stance in the next meeting of the Committee (scheduled to hold on the 27th and 28th of January 2025), global monetary policy normalisation, positive (local) economic growth and yield curve normalisation, will continue to play a key role in sustaining risk-on sentiments, with investors improving bargain hunting in a bid to exploit fundamentally sound stocks that are currently undervalued. That said, we recommend that fund managers adopt a strategic approach (core-satellite portfolio management) to the equities market and invest in fundamentally solid stocks with strong potential.**

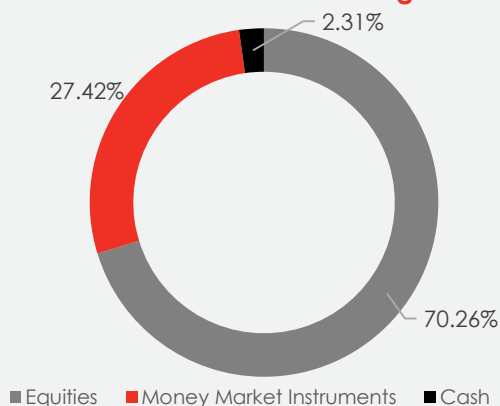
Past performance is not a reliable indicator of future performance, and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into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

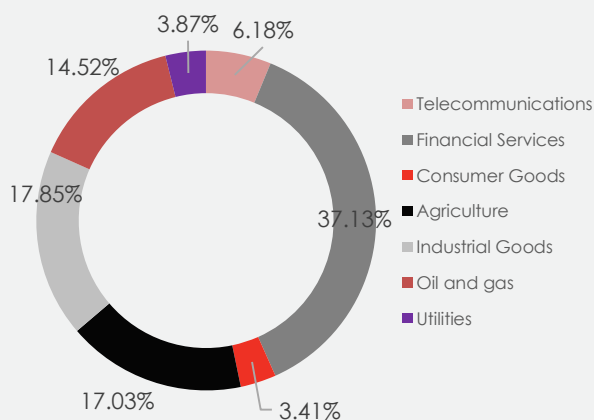
<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	Naira/2006
<b>Fund Size (₦)</b>	3.8bn
<b>NAV Per Share (₦)</b>	1.4917
<b>Minimum Entry (₦)</b>	10,000
<b>Additional Investment (₦)</b>	5,000
<b>Structure</b>	Open Ended
<b>Entry/Exit Charges</b>	Nil
<b>Management Fee</b>	1.5%
<b>Total Expense Ratio*</b>	1.9%
<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

**Current Portfolio Holdings**

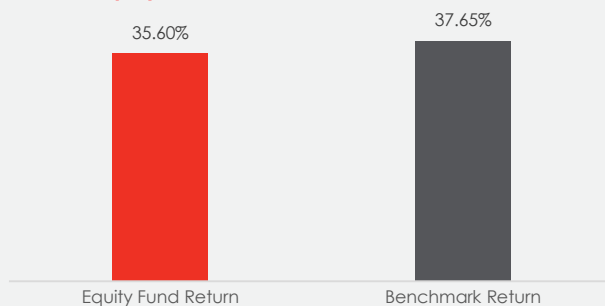


**Equity Sectoral Allocation**

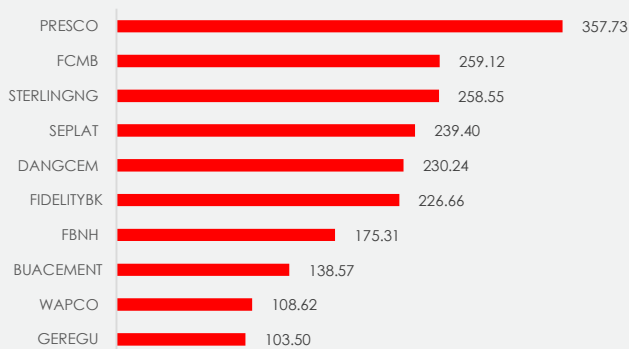


**Governance Asset Allocation Ranges:**  
Money Market(10%-30%); Equities: 70%-90%

**Equity Fund Performance Vs Benchmark**



**Top ten equity exposures (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%	35.60%
Benchmark (ASI)	-1.90%	42.30%	-17.80%	14.60%	50.03%	6.07%	19.98%	45.90%	37.65%

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

**PERFORMANCE REVIEW**

The United Capital Equity Fund returned 5.76% for the month of December 2024 translating to a YTD return of 35.60%, relative to the return of 37.65% posted by the benchmark for the same period.

The Nigerian stock market ended the month of December on a bullish note as the market index gained 5.56%. The positive sentiment was as a result of gains in CONOIL, INTERBREW, OKOMU, WAPCO and NB. We also saw gains in MTN (17.65%) on the back of news about the approval of tariff hike by the NCC.

Looking ahead, we would actively monitor activities in the equities market ahead of the release of FY 2024 earnings reports. The fund manager will continue to take position in tickers with good fundamentals and ensure a mix with money market instruments to take advantage of the attractive yield environment.

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.

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### 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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