

# United Capital Equity Fund

Mutual Funds Factsheet | February 2025

## Contact Us:

Philip Ndunaka | +234-703-192-1664 | [philip.ndunaka@unitedcapital.ng](mailto:philip.ndunaka@unitedcapital.ng)

Asset Management | +234-1-631-7876 | [asset.management@unitedcapital.ng](mailto:asset.management@unitedcapital.ng)

## 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 February 2025, the Nigerian Equities Market (NGX) ended on a positive note despite the undertone of bearish sentiments playing in the background at intervals. Investors remain cautious towards the equities market due to the MPC's decision to hold the benchmark interest rate constant at current levels (MPR = 27.50%). Nevertheless, bargain-hunting activities persist amongst investors across stocks with strong fundamentals, given the FY-2024 earning season and corporate action declarations. Notably, buy-interests in large-cap stocks, DANGCEM (+21.83% m/m), and MTNN (+5.68% m/m) spurred the local bourse northwards. Other standout performers were PRESCO (+34.19% m/m), TRANSCOR (+7.55% m/m), and TRANSCOH (+9.99% m/m). As a result, the benchmark NGX-All Share Index (NGX-ASI) climbed by 318bps m/m to close at 107,821.40 points. Consequently, YTD return strengthened to 4.76% from January's print of 1.53%, with market capitalisation settling at N67.19tn.

On a sectoral level, market activities were broadly bullish, as only three (3) of the five (5) sectors under our coverage closed in the green. The Industrial goods sector (+10.78% m/m) led the gainers due to bargain-hunting activities in DANGCEM (+21.83% m/m). Trailing behind was the Consumer goods sector (+1.70 m/m) following share price appreciations in BUAFOODS (+0.72% m/m), PZ (+53.91% m/m), and DANGSUGA (+11.11% m/m). This was followed by the Insurance sector (+0.87% m/m) on account of gains in ALLCO (+4.94% m/m) and WAPIC (+4.00% m/m). On the flip side, the Oil & Gas sector (-4.00% m/m) led the laggards on the back of sell pressures in CONOIL (-4.96% m/m). Lastly, the Banking sector lost 2.07% m/m on account of losses in ZENITHBA (-4.45% m/m), FIDELITY (-8.48% m/m), and UBA (-2.39% m/m).

On corporate disclosures, the FY-2024 earning season continued its momentum with more corporates releasing their financial reports. In the consumer goods sector, Nestle Nigeria Plc recorded a 75.20% y/y growth in its revenue from N547.12bn in FY-2023 to N958.81bn, supported by the growth in export sales. However, the company declared a Loss After Tax position of N221.59bn (up by 113.01% y/y from the loss position of N104.03bn in FY-2023) due to high finance costs arising from the devaluation of the Naira.

Meanwhile, in the cement industry, Lafarge Africa Plc released its audited financials, announcing a Profit After Tax (PAT) growth of 96.00% y/y from N51.14bn in FY-2023 to N100.15bn in FY-2024. This

growth can be attributed to the 72.00% y/y increase in net sales, which benefitted from improved volumes sold in the year under review. Thus, the company's Earnings Per Share (EPS) settled at N6.22 in FY-2024 compared to N3.17 recorded in the corresponding period of 2023. As a result, Lafarge announced a final dividend of 120 kobo with a qualification date of 28-Mar-2025 and a payment date of 25-Apr-2025.

Transcorp Hotels Plc announced a 69.18% y/y growth in revenue from N41.46bn in FY-2023 to N70.13bn in FY-2024. As a result, the company's PAT settled at N14.90bn in FY-2024, up 138.21% y/y from the N6.25bn recorded in the same period of 2023. Consequently, the company announced a final dividend of 64 kobo with a qualification date of 25-Mar-2025 and a payment date of 16-Apr-2025.

On corporate actions, FBN Holdings Plc announced a change of its name to First HoldCo Plc (FirstHoldCo). This naming conversion is expected to be adopted across all its subsidiaries. This strategic transformation and rebranding marks a significant milestone in the Company's journey to redefine its identity, unify its subsidiaries, reinforce its heritage, and strengthen its position as a leader in the financial services industry. The new name reflects a forward-looking vision rooted in a timeless legacy of trust, resilience, innovation, and exceptional service delivery.

VFD Group Plc strengthens its commitment to VFD Microfinance Bank (V BANK) with a N5.00bn investment, reinforcing its commitment to the growth and expansion of the digital first financial institution. This strategic investment underscores VFD Group's dedication to strengthening V Bank's position as a formidable player in Nigeria's financial services ecosystem.

Dangote Cement Plc plans to invest \$400.00mn to upscale a second production line at its Muger cement plant in Ethiopia. This expansion aims to double the facility's annual production capacity to 5 million tonnes and is expected to become operational within 30 months. Additionally, the company plans to establish a new greenfield cement grinding unit with an annual capacity of 3 million tonnes.

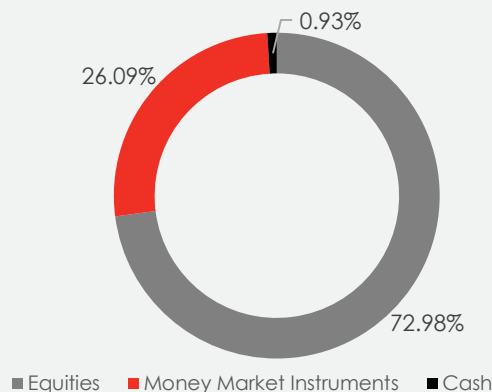
**Looking ahead into Mar-2024, we maintain our positive outlook for the domestic equities market for Q1-2024, supported by the commencement of the FY-2024 earnings season. Investors will continue bargain-hunting stocks with strong fundamentals. We strongly anticipate impressive outings among corporates in the financial services sector (particularly the banks) given the impact of the Foreign Exchange (FX) revaluation gains and elevated interest rate environment in 2024. Thus, we expect an increased appetite among investors towards corporates in the financial services sector. Additionally, investors will look to position themselves in dividend-paying stocks ahead of full-year dividend declarations. Lastly, the neutral monetary policy stance by the MPC and the declining yield environment will further stimulate bullish sentiments in the equities market.**

## FUND FEATURES

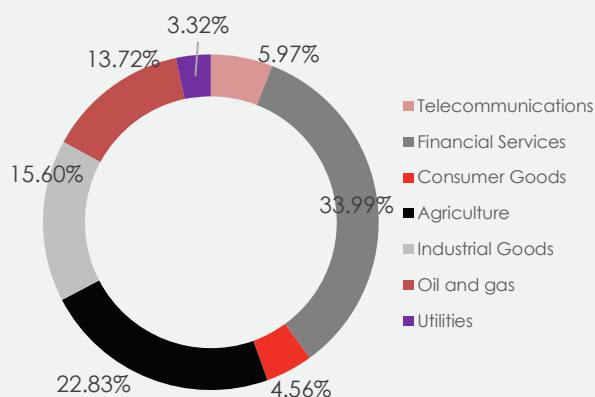
| Fund Manager              | United Capital Asset Management Ltd |
|---------------------------|-------------------------------------|
| Base Currency/Start Year  | Naira/2006                          |
| Fund Size (₦)             | 4.2bn                               |
| NAV Per Share (₦)         | 1.6474                              |
| Minimum Entry (₦)         | 10,000                              |
| Additional Investment (₦) | 5,000                               |
| Structure                 | Open Ended                          |
| Entry/Exit Charges        | Nil                                 |
| Management Fee            | 1.5%                                |
| Total Expense Ratio*      | 1.9%                                |
| Benchmark                 | NGX ASI                             |
| Investment Style          | Aggressive                          |
| Base Currency/Start Year  | Growth Oriented                     |

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

## Current Portfolio Holdings



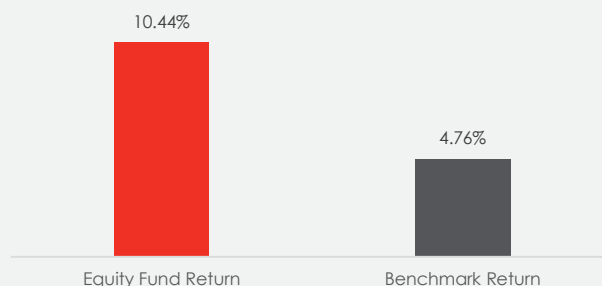
## Equity Sectoral Allocation



## 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   | 2025 YTD |
|------------------|--------|--------|---------|--------|--------|--------|--------|--------|--------|----------|
| UCAP Equity Fund | -1.00% | 36.10% | -5.42%  | -1.59% | 22.91% | 16.43% | 7.55%  | 48.40% | 35.60% | 10.44%   |
| Benchmark (ASI)  | -1.90% | 42.30% | -17.80% | 14.60% | 50.03% | 6.07%  | 19.98% | 45.90% | 37.65% | 4.76%    |

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

## PERFORMANCE REVIEW

The United Capital Equity Fund returned 4.98% for the month of February 2025 translating to a YTD return of 10.44%, relative to the return of 4.76% posted by the benchmark for the same period.

The Nigerian stock market maintained its bullish streak in February as the benchmark index gained 3.18% on a MoM basis translating to a YTD return of 4.76%. The positive sentiment was driven majorly by impressive FY 2024 earnings releases and corporate action announcements.

Looking ahead, we would actively monitor activities in the equities market ahead of the release of more FY 2024 earnings reports especially from banking tickers. 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.

### WHY CHOOSE THE FUND?

- Diversification across sectors
- Seamless Entry and Exit
- Low entry threshold
- Professional management with robust risk framework
- Long term capital 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.

