

United Capital Equity Fund

Mutual Funds Factsheet | January 2025

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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

The Nigerian Equities Market (NGX) started the year 2025 on a positive note despite the undertone of bearish sentiments playing the background at intervals. We observed that activities in the fixed-income market (elevated rates/yields) continue to serve as a key demotivator for risk on sentiments in the equities market. Nevertheless, investors have begun bargain hunting activities across stocks with strong fundamentals ahead of the FY-2024 earning season and corporate action declarations. Notably, buy-interests in large-cap stock, MTNN (+25.00% m/m) spurred the local bourse northwards. Other standout performers were TRANSCOR (+21.84% m/m), ZENITHBA (+11.21% m/m), and UBA (+10.88% m/m). As a result, the benchmark NGX-All Share Index (NGX-ASI) climbed by 153bps m/m to close at 104,496.12 points. Consequently, market capitalisation rose by N1.95tn m/m to settle at N64.71tn.

On a sectoral level, market activities were broadly bearish, as only two (2) of the five (5) sectors under our coverage closed in the green. The Banking sector (+9.76 m/m) led the gainers due to bargain-hunting activities in ZENITHBA (+11.21% m/m) and UBA (+10.88% m/m). Trailing behind was the Consumer goods sector (+4.47 m/m) following share price appreciations in NESTLE (+11.43% m/m) and DANGSUGA (+10.77% m/m). On the flip side, the Industrial goods sector declined (-8.52% m/m) on the back of sell pressures in DANGCEM (-17.71% m/m). This was followed by the Oil & Gas sector (-1.61% m/m) due to profit-taking activities in MRSOIL (-25.21% m/m) and TOTAL (-4.01% m/m). Lastly, the Insurance sector lost 1.10% m/m on account of losses in SUNUASSU (-46.51% m/m) and VERITASK (-19.85% m/m).

On corporate disclosures, the earning season commenced with several corporates releasing their financial reports. In the consumer goods sector, Guinness Nigeria Plc recorded a decent top line performance of N259.60bn in H1-2025, up 82.05% y/y from the N142.60bn recorded in H1-2024. This positive performance comes despite the challenging macroeconomic environment (elevated interest rate, heightened inflationary environment, and the elevated exchange rate), which was underpinned by lower consumers' purchasing power.

In the banking sector, First Bank Nigeria Holdings' Gross Earnings grew by 113.40% y/y from N1.56tn in FY-2023 to N3.33tn in FY-2024 supported by increased earnings from interest income. Notably, interest income expanded by 158.4% y/y from N936.68bn in FY-2023 to N2.42tn in FY-2024, arising from interest earned on loans and advances to customers. Among tier-2 banks, FCMB, STERLING, WEMA and STANBIC recorded 16.10% y/y, 73.80% y/y, 146.80% y/y, and 43.70% y/y growth in their Profit After Tax (PAT) to settle at N107.95bn, N37.52bn, N88.83bn, and N202.10bn, respectively, in FY-2024. This is on the back of increased interest and non-interest income supported by the elevated interest rate environment and yields on trading instruments.

In the energy sector, Eterna was able to reverse its loss position in FY-2023 to record an Earnings Per Share (EPS) of N2.50 in FY-2024. The company's PAT settled at N3.23bn in the period under review, from the loss position of N9.43bn in FY-2023. This was supported by the 71.10% y/y and 135.30% y/y growth in revenue and gross profit, respectively. Similarly, Total Energies reported a revenue of N1.04tn in FY-2024, up 63.80% y/y from the N635.95bn recorded in the corresponding period of 2023. However, the company's gross profit only settled at N115.75bn in FY-2024 due to the 67.10% y/y growth in its cost of sales from N554.13bn in FY-2023 to N926.15bn in FY-2024. Meanwhile, Oando's PAT grew marginally by 8.60% y/y to settle at N65.49bn in FY-2024 (previously, N60.28bn in FY-2023). This is due to increases in the company's impairment charge and net finance costs for the year.

On corporate action, Transcorp Power declared a final dividend of N3.50k per ordinary share, which, when combined with the interim dividend of N1.50k paid at half-year, brings the total dividend for the 2024 financial year to N5.00k per ordinary share. The qualification date is 11-Feb-2025, and the payment date is 11-Mar-2025.

Lastly, Oando Plc announced that its upstream subsidiary, Oando Energy Resources (OER), has been awarded operatorship of Block KON 13 in Angola's Onshore Kwanza Basin, following a competitive bidding process organized by the Angolan National Agency for Petroleum, Gas, and Biofuels.

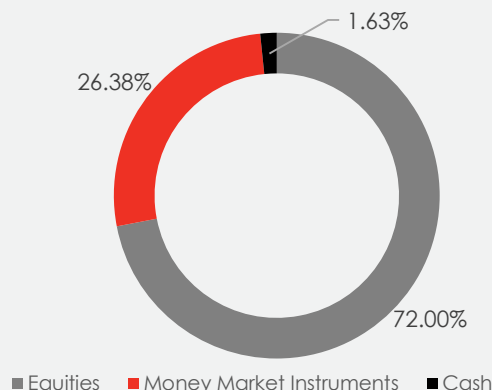
Looking ahead into Feb-2024, we maintain our positive outlook for the domestic equities market for Q1-2024, supported by the commencement of the FY-2024 earnings season. Investors will continue bargain-hunting stocks with strong fundamentals. We strongly anticipate impressive outings among corporates 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 expected neutral monetary policy (due to positive progress with inflation) by the Monetary Policy Committee (MPC) will further stimulate bullish sentiments in the equities market.

FUND FEATURES

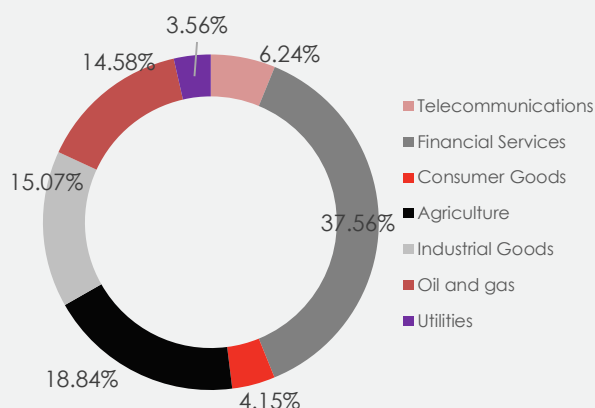
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	4bn
NAV Per Share (₦)	1.5693
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.9%
Benchmark	NGX ASI
Investment Style	Aggressive
Base Currency/Start Year	Growth Oriented

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

Current Portfolio Holdings



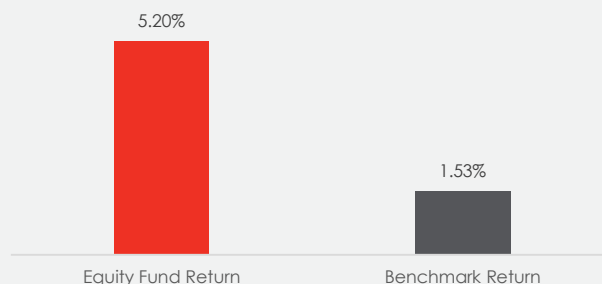
Equity Sectoral Allocation



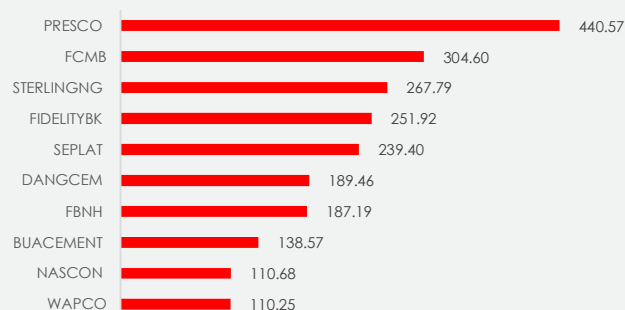
Governance Asset Allocation Ranges:

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%	5.20%
Benchmark (ASI)	-1.90%	42.30%	-17.80%	14.60%	50.03%	6.07%	19.98%	45.90%	37.65%	1.53%

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

PERFORMANCE REVIEW

The United Capital Equity Fund returned 5.20% for the month of January 2025 relative to the return of 1.53% posted by the benchmark for the same period.

The Nigerian stock market ended January on a positive note amidst mixed sentiment during the month. The All-Share Index gained 1.53% driven majorly by impressive FY 2024 earnings releases and strong gains in MTNN (25%), PRESKO(23.16%) and TRANSCORP (21.84%), offsetting losses in DANGCEM (-17.71%), JBERGER (-9.95%).

Looking ahead, we would actively monitor activities in the equities market ahead of the release of more FY 2024 earnings reports. The fund manger 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?


- 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
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3. Click on **"Open and account"**.
4. Fund your account online with a one-time payment or recurrent payments.



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