

United Capital Wealth For Women Fund

Mutual Funds Factsheet | May 2024

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FUND OBJECTIVE

The objective of the United Capital Wealth for Women Fund is to promote the financial inclusion of the female gender by increasing their access to financial investment products and addressing the current imbalance of most investment products being skewed towards the male gender.

The Fund Manager seeks to maintain a balance between realized income and capital growth to ensure regular distribution payments and continuous appreciation in asset values while ensuring optimal safety of assets and adequate liquidity to meet the Fund's obligations as they fall due. The Fund invests in money markets and equities. The equity portfolio is tilted towards companies with significant female representation on their boards and management teams.

MARKET REVIEW, OUTLOOK AND STRATEGY

In May, the bears dominated the NGX. We continued to observe portfolio rebalancing following through from April due to investor's risk-off sentiment. All market segments remained under pressure with the main source of concern being the high yields offered in the fixed-income markets. However, bullish sentiment returned to the market in the final trading days of the month as investors began taking positions in dividend-paying stocks. May was a dividend-paying month, as 14 companies of the 47 that have declared this year paid dividends. These included premium stocks such as UBA (N2.30/share), ZENITHBA (N3.50/share), UNILEVER (N0.75/share), and DANGCEM (N2.00/share). The market is also widely considered to be in the oversold region. As a result, the benchmark NGX-All Share Index (NGX-ASI) rose by 1.09% m/m to close at 99,300.38 points. Consequently, YTD return strengthened to 32.8% from 31.4% in April, while market capitalisation climbed to close at N56.2tn.

At the primary market, the Central Bank of Nigeria (CBN) conducted two NT-bills auctions during the month. At the first auction, the CBN offered a total of N179.4bn worth of maturing bills across the 91-day, 182-day and 365-day bills. At the auction, investors' demand was strong, as total subscription printed at N914.1bn. The bulk of the bids were skewed towards the longer-tenured instrument (365-day bill) which recorded a total subscription of N879.8bn. Thus, the stop rates across the 91-day, 182-day and 365-day bills remained unchanged at 16.24%, 17.00% and 20.70%, respectively. At the second auction, the CBN offered a total of N509.0bn worth of maturing bills across the 91-day, 182-day and 365-day bills. At the auction, investors' demand was strong, as total subscription printed at N1.6tn. The stop rates

across the 91-day, and 182-day bill climbed by 26bps and 45bps to 16.50% and 17.45%, respectively, while the 365-day bills moved lower by a 1bp margin to close at 20.69% from 20.70%.

In the secondary market, we saw significant bullish sentiments throughout the month of May-2024 as investors seek to fulfill unmet bids from the primary market. As a result, the average NT-bills yield fell by 48bps m/m to close the month of May-2024 at 21.72% (previously 22.20%). On the other hand, the average yield on OMO bills climbed by 268bps to settle at 21.43% in May-2024 from 18.75% in the prior month.

The Debt Management Office (DMO) conducted its May-2024 bond auction, with a total offer size of N450.0bn across the 5-YR "APR 2029" (reopened), 7-YR "FEB 2031" (reopened) and 9-YR "MAY 2033" (newly opened) bond papers. At the auction, investors' demand was strong, as total subscription printed at N551.3bn. Notably, the DMO undersold the auction by 0.8x, allocating a total of N380.8bn worth of bond papers. Consequently, the marginal rate on the 2029 and 2031 papers fell marginally by 1bp and 1bp, to settle at 19.29% and 19.74%, respectively. Meanwhile, the marginal rate on the newly opened 2033 paper printed at 19.89%.

Looking ahead into June 2024, we expect mixed sentiments toward risk asset classes. Given the indications that equities market is considerably oversold, induced by the +600bps MPR hike in Q1-2024, we expect bargain-hunting in the equities market as investors take positions in fundamentally sound stocks (currently trading around the oversold region). However, on broad note, we still expect the elevated interest rate environment to continue to demotivate investors' appetite for risk assets.

Looking into June 2024, we anticipate a total of N139.1bn worth of inflows to hit the financial system. Although this is higher than May's inflow of N23.5bn, we expect the financial system to be relatively tight. This is hinged on MPC's 150bps interest rate hike from 24.75 to 26.25% to keep system liquidity at bay. Also, another supporting factor is the Central Bank's disposition to keep interest rates high to improve real returns and attract foreign investors. All these provide room for money market rates to be elevated. Consequently, we expect rates (FTD and money market rates) to remain high at current levels, with the probability of inching upwards. Meanwhile, following signs that interest rates may have peaked at the short end of the curve, we anticipate sustained buy interests in the NT-bills market as investors look to take advantage of the high returns.

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

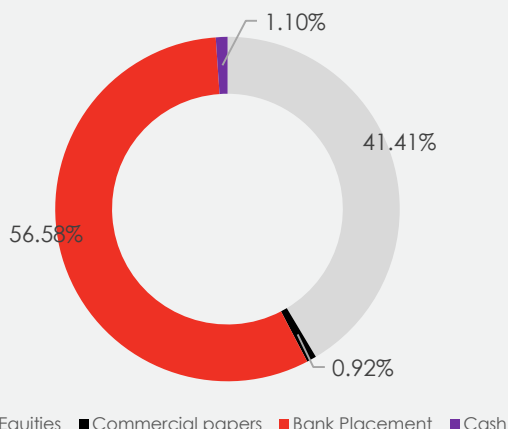
| | |
|----------------------------------|-------------------------------------|
| Fund Manager | United Capital Asset Management Ltd |
| Base Currency/Start Year | Naira/2017 |
| Fund Size (₦) | 1bn |
| NAV Per Share (₦) | 1.6063 |
| Minimum Entry (₦) | 10,000 |
| Additional Investment (₦) | 5,000 |
| Structure | Open Ended |
| Entry/Exit Charges | Nil |
| Management Fee | 1.5% |
| Total Expense Ratio* | 1.8% |
| Benchmarks | 91-Day T-bills/NGX ASI |
| Risk Profile | Moderate |
| Investment Style | Market Oriented |

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

MATURITY PROFILE OF ASSETS

| | |
|-------------|--------|
| 0-30days | 66.72% |
| 31-60days | 3.41% |
| 61-90days | 29.87% |
| 91-180days | 0.00% |
| 181-365days | 0.00% |

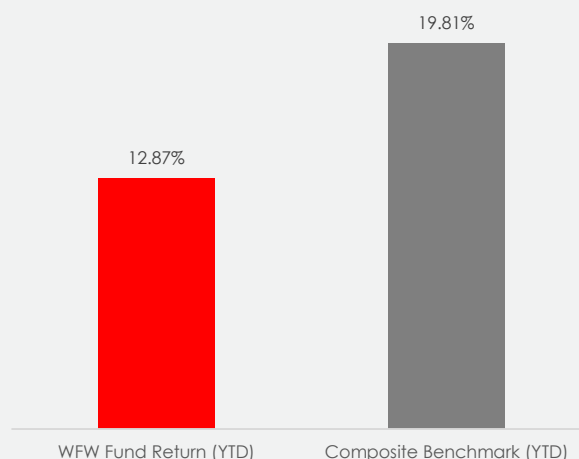
Current Portfolio Holdings



Governance Asset Allocation Ranges:

Equities (10%-80%), Money Market Instruments (20% -90%)

WFW Fund Return Vs Benchmark (YTD)



RETURN HISTORY

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 YTD |
|------------------|-------|--------|-------|--------|--------|----------|
| UCAP WFW | 7.79% | 3.12% | 6.60% | 12.33% | 31.90% | 12.87% |
| Benchmark Return | 1.12% | 25.16% | 5.56% | 2.10% | 23.99% | 19.81% |

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

PERFORMANCE REVIEW

The United Capital Wealth For Women Fund returned 1.35% in May 2024, translating to a YTD return of 12.87% compared to the composite benchmark (91-day T-bills and the ASI) return of 19.81% for the same period.

The equities market improved in May 2024, as the NGX All Share Index gained 1.09% MoM. The increase was on the back of renewed interest in tier 1 banking and selected consumers tickers as the price decline presented investors with attractive entry points. Also, positive reaction to the SEPLAT, NNPC and Mobil agreement helped improve market performance during the last three trading days of the month.

For the rest of H1 2024, we would actively monitor activities in the equities market, exposure to the market will remain on the lower limit while also taking position in attractive tickers that are currently undervalued and increase exposure to fixed income market given the attractive yield in that space.

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 returns of the Fund going forward.

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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

INVESTMENT RISK

- Market risk of equity exposure
- Macroeconomic instability

HOW TO PARTICIPATE

1. Log in to our online platform www.investnow.ng
2. Click on "Wealth for Women 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.



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