

# United Capital Equity Fund

Mutual Funds Factsheet | November 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 November, the bears dominated the Nigerian Exchange Limited (NGX) despite pockets of buy-interests during the month. We observed bargain-hunting activities across some fundamentally strong stocks as investors look to position themselves and take advantage of low prices. Nevertheless, activities in the fixed-income market (elevated rates/yields) continue to serve as a key demotivator for risk on sentiments in the equities market. Notably, a standout underperformer was OANDO, which declined by 27.55% m/m. Additionally, losses in large-cap stocks, SEPLAT (-6.02% m/m), MTNN (-2.91% m/m), and BUACEMEN (-2.86% m/m) dragged the local bourse southwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) declined by 15bps to close at 97,506.87 points. Consequently, YTD return weakened to 30.40% from October's print of 30.60%, with market capitalisation settling at N59.11tn.

On a sectoral level, market activities were broadly bullish, as all five (5) sectors under our coverage closed in the green. The Insurance sector (+9.11% m/m) led the gainers due to buy-interest in MANSARD (+21.38% m/m) and SUNUASSU (+86.60% m/m). Trailing behind were the Banking (+3.39% m/m) and Oil & Gas (+3.20% m/m) sectors following share price appreciations in ZENITHBA (+11.39% m/m), UBA (+9.73% m/m), and CONOIL (+45.80% m/m). This was followed by the Consumer goods sector (+2.40% m/m) due to bargain-hunting activities in FLOURMIL (+30.81% m/m), DANGSUGA (+13.64% m/m), and UNILEVER (+15.87% m/m). Lastly, the Industrial goods sector (+2.14% m/m) climbed on account of gains in WAPCO (+50.65% m/m).

On corporate action, United Bank for Africa Plc (UBA) sought the approval of the Nigerian Exchange Limited (NGX) for its proposed Rights issue. The proposed Rights Issue includes "Six Billion, Eight Hundred and Thirty-Nine Million, Eight Hundred and Eighty-Four Thousand, Two Hundred and Seventy-Four (6,839,884,274) ordinary shares of 50 Kobo each at N35.00 per share based on one new ordinary share for every five ordinary shares held as at the close of business on Tuesday, 5-Nov-2024.

Lastly, Access Bank Plc has completed the acquisition of Standard Chartered Bank Angola S.A and Standard Chartered Bank [Sierra Leone] Limited. This will afford the bank the synergies to strengthen the quality of its earnings from both countries by significantly growing its Corporate and SME banking share in the two markets. The combinations represent another significant step toward the bank's broader vision of becoming the World's Most Respected African Bank.

**Looking ahead to December, we expect mixed sentiments to persist in the equities market. Given the developments in the fixed-income market, we expect bearish sentiments amongst investors. The impact of the high yields in the fixed-income market will continue to be a key demotivator as investors switch their asset classes to less risky assets. Additionally, the hawkish monetary policy tone of the Central Bank will continue to drive bearish market sentiments in the background. Nevertheless, we expect pockets of buy-interest as investors cherry-pick undervalued stocks. The bulls will remain incentivised towards fundamentally sound stocks given the medium-long-term opportunities presented. That said, we recommend that fund managers adopt a strategic approach to the equities market and invest in fundamentally solid stocks with strong potential.**

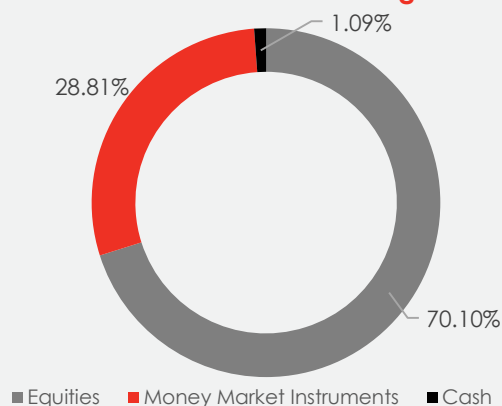
Past performance is not a reliable indicator of future performance, and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into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

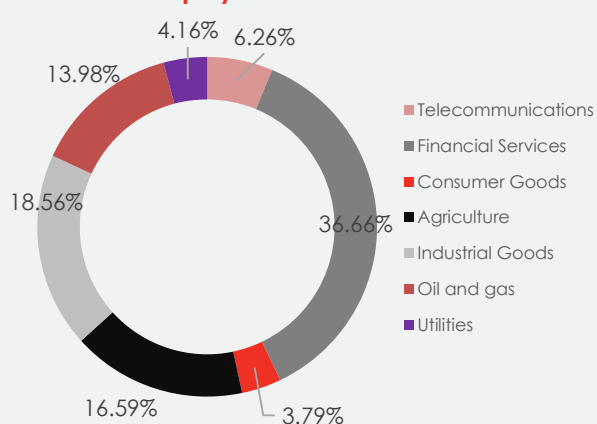
<b>Fund Manager</b>	United Capital Asset Management Ltd
<b>Base Currency/Start Year</b>	Naira/2006
<b>Fund Size (₦)</b>	3.5bn
<b>NAV Per Share (₦)</b>	1.4105
<b>Minimum Entry (₦)</b>	10,000
<b>Additional Investment (₦)</b>	5,000
<b>Structure</b>	Open Ended
<b>Entry/Exit Charges</b>	Nil
<b>Management 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

### Current Portfolio Holdings

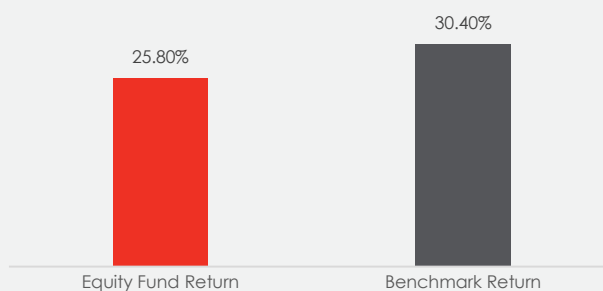


### Equity Sectoral Allocation

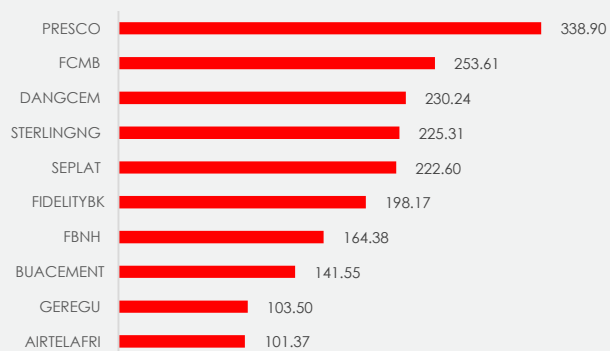


**Governance Asset Allocation Ranges:**  
 Money Market(10%-30%); Equities: 70%-90%

### 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%	25.80%
Benchmark (ASI)	-1.90%	42.30%	-17.80%	14.60%	50.03%	6.07%	19.98%	45.90%	30.40%

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

### PERFORMANCE REVIEW

The United Capital Equity Fund returned 0.85% for the month of November 2024 translating to a YTD return of 25.80%, relative to the return of 30.40% posted by the benchmark for the same period.

The Nigerian stock market ended the month of November on a bearish note as the market index further shed 0.15%. The negative sentiment was as a result of selloffs in SEPLAT, MTNN and OANDO which overshadowed gains recorded in WAPCO, UBA and ZENITH.

Looking ahead, we would actively monitor activities in the equities market ahead of the year-end portfolio rebalancing. 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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