

United Capital Equity Fund

Mutual Funds Factsheet | October 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 October, the bears dominated the Nigerian Stock Exchange (NGX) despite pockets of buy-interests during the month. We observed that the activities in the fixed-income market continue to serve as a key demotivator for risk on sentiments in the equities market. Notably, share price depreciations in large-cap stocks, DANGCEM (-10.00% m/m), BUACEMEN (-11.09% m/m), and MTNN (-8.32% m/m) dragged the local bourse southwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) declined by 92bps to close at 97,651.23 points. Consequently, YTD return weakened to 30.60% from September's print of 31.81%, with market capitalisation settling at N52.7tn.

On a sectoral level, market activities were broadly bullish, as three (3) of the five (5) sectors under our coverage closed in the green. The Oil & Gas sector (+15.90% m/m) led the gainers due to buy-interest in SEPLAT (+38.92% m/m). Trailing behind were the Banking (+4.78% m/m) and Insurance (+4.01% m/m) sectors following share price appreciations in UBA (+13.90% m/m), ZENITHBA (+5.83% m/m), ACCESSCO (+9.50% m/m), CORNERST (+9.16% m/m), and MANSARD (+5.45% m/m). On the flip side, the Industrial goods sector (-9.31% m/m) led the laggards due to sell-offs in DANGCEM (-10.00% m/m) and BUACEMEN (-11.09% m/m). Lastly, the Consumer goods sector (-0.75% m/m) declined on account of losses in DANGSUGA (-11.62% m/m) and NB (-4.11% m/m).

On corporate disclosures, the 9M-2024 earnings season commenced in full swing as several corporates released their financial results for the period. Okomu Plc recorded a 71.40% y/y growth in revenue from N60.65bn in 9M-2023 to N103.95bn in 9M-2024. The company declared an interim dividend of N2.00/share. Similarly, Presco's PAT climbed by 120.50% y/y from N23.47bn in 9M-2023 to N51.77bn in 9M-2024, following a 67.30% y/y growth in revenue for the period. In the consumer goods sector, Unilever Plc posted revenue of N103.85bn in 9M-2024, up 45.80% y/y from N71.21bn in 9M-2023. The company's PAT grew by 559.20% y/y from N1.67bn in 9M-2023 to N11.01bn in 9M-2024. Meanwhile, Cadbury and Nestle declared a Loss After Tax of N11.86bn (up 454.10% y/y from N2.14bn) and N184.27bn (up 327.90% y/y from N43.07bn) in

9M-2024, respectively. This performance can be attributed to the high cost of sales, administrative expenses, and net finance costs.

In the banking sector, Zenith Bank, Access, GTCO, FBNH, and UBA declared a PAT growth of 90.54% y/y, 82.77% y/y, 195.31% y/y, 124.86% y/y, and 16.92% y/y to print at N827.28bn, N457.75bn, N1.09tn, N526.28bn, and N525.31bn, respectively. Among tier-2 banks, ETI, Sterling, Wema, and Fidelity recorded 168.90% y/y, 66.48% y/y, 174.08% y/y, and 144.79% y/y growth in their PAT in H1-2024 to settle at N491.88bn, N27.45bn, N52.674bn, and N224.60bn, respectively. This is on the back of increased interest income given the elevated interest rate environment during the period. Additionally, increased trading activities and gains in foreign exchange (FX) revaluation contributed to the growth.

On corporate action, Aradel was listed by introduction on the Nigerian Exchange Limited (NGX) at N702.69 per share. The company also released its 9M-2024 financial results, showing a PAT growth of 477.20% y/y from N19.20bn to N110.60bn. Consequently, the company declared an interim dividend of N8.00/share.

Access Holding Plc (the Group) announced the merger between Access Pensions Limited and ARM Pensions Managers Limited to become Access ARM Pensions Limited (AAPL). AAPL is one of Nigeria's largest Pension Funds Administrators (PFA) by customer base, with nearly N3.00tn in Assets Under Management (AUM). The Group also obtained an Approval-In-Principle from the Bank of Namibia to establish a banking subsidiary in Namibia.

Lastly, Oando Plc has been shortlisted by the Trinidadian government as one of three final contenders to take over the country's state-owned refinery, Petrotrin

Looking ahead into November, 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 across fundamentally sound stocks given the medium-long-term opportunities presented. Additionally, pending corporate releases and actions will stimulate the bulls. Thus, we recommend that fund managers adopt a strategic approach to the equities market and invest in fundamentally solid stocks with strong potential.

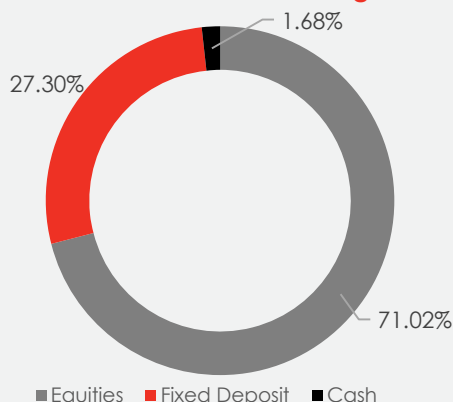
Past performance is not a reliable indicator of future performance, and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into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

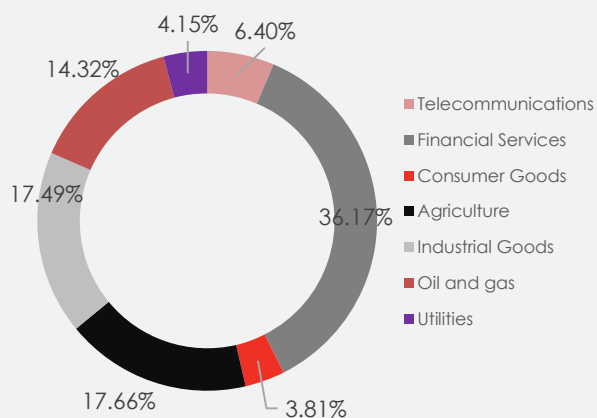
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	3.5bn
NAV Per Share (₦)	1.3986
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	NGX ASI
Investment Style	Aggressive
Base Currency/Start Year	Growth Oriented

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

Current Portfolio Holdings

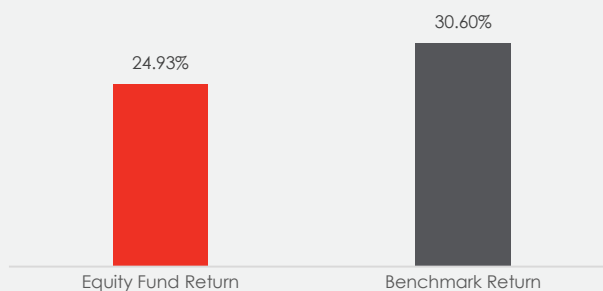


Equity Sectoral Allocation

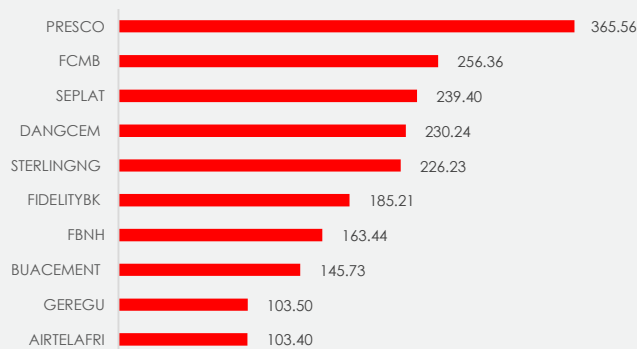


Governance Asset Allocation Ranges:
 Money Market(10%-30%); Equities: 70%-90%

Equity Fund Performance Vs Benchmark



Top ten equity exposures (million)



RETURN HISTORY

	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
UCAP Equity Fund	-1.00%	36.10%	-5.42%	-1.59%	22.91%	16.43%	7.55%	48.38%	24.93%
Benchmark (ASI)	-1.90%	42.30%	-17.80%	14.60%	50.03%	6.07%	19.98%	45.90%	30.60%

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

PERFORMANCE REVIEW

The United Capital Equity Fund returned 1.61% for the month of October 2024 translating to a YTD return of 24.93%, relative to the return of 30.60% posted by the benchmark for the same period.

The Nigerian stock market reversed the gain recorded in the prior month as the market index shed 0.92%. The negative sentiment was as a result of selloffs in DANGCEM, BUACEMENT, MTNN and DANGSUGAR which overshadowed gains recorded in SEPLAT.

Looking ahead, we would actively monitor activities in the equities market ahead of the decision of the last MPC meeting for the year scheduled to hold in November. The fund manager will continue to take position in tickers with good fundamentals and ensure a mix with money market instruments.

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
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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