

United Capital Equity Fund

Mutual Funds Factsheet | September 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 September, the Nigerian Exchange Group (NGX) closed higher relative to August as investors sought to cherry-pick undervalued stocks. Notably, share price appreciations in GEREGU (+15.0% m/m), MTN (+6.11% m/m), SEPLAT (+10.0% m/m), UBA (+23.31% m/m) and FBNH (+20.0% m/m) were the major equity index movers, outweighing depreciations in BUACEMEN (-3.4% m/m) and OKOMUOIL (-13.1% m/m). However, investor sentiment weakened. This is reflected in its 1.6x market breadth (vs 3.1x in August) as 61 stocks appreciated against 39 decliners. Overall, the benchmark NGX-All Share Index (NGX-ASI) rose by 2.1% m/m to close at 98,558.79 points. Consequently, the YTD return strengthened to 31.8% from August's 29.2% YTD performance. Market capitalisation settling at N56.6tn.

On a sectoral level, market performance was mixed, as three (3) of the five (5) sectors under our coverage made month-on-month gains. The Banking sector (+10.2% m/m) led the gainers due to gains in UBA (+23.3% m/m). Trailing behind was the Oil and Gas sector (+7.0% m/m) following buy-interest in SEPLAT (+10.0% m/m) and CONOIL (+16.7% m/m). The Insurance sector (+1.4% m/m) appreciated following share price appreciations in NEM (+7.1% m/m), SUNUASSU (+32.8% m/m), and REGALINS (+66.7% m/m). Conversely, the Industrial Goods sector (-1.3% m/m) and Consumer Goods sector (-0.7% m/m) declined on account of losses in BUACEMEN (-3.4% m/m) and DANGSUGA (-8.1% m/m) and INTBREW (-18.2% m/m).

There were several notable corporate actions in the month. In the Banking Sector, First City Monument Bank (FCMB) informed the market of a delay in filing its Q3-2024 financial

results due to the commencement of the interim audit of the company's largest subsidiary, FCMB Limited, for the period ended 30 Sept-2024.

Access Holdings Plc has released its H1 financial results, announcing a profit before tax of N348.9bn, which indicates a 108.2% y/y increase from the N167.6bn recorded in the same period last year. The profit after tax was N281.3bn, which indicates an increase of 107.8% from the N135.4bn recorded in the same period last year. Access Holdings Plc announced an Interim Dividend of 45 kobo, with a qualification date of Thursday, 03 Oct-2024, and a payment date of Thursday, 17 Oct-2024.

Guaranty Trust Holding Company Plc is the first Nigerian financial institution to report a profit before tax of N1.0tn in six months. The financial giant's profit represents a 206.6% y/y increase from the N327.4bn recorded in the same period last year.

EverQuest Acquisition LP (comprising Custodian Investment Plc, Aion Investment, and Evercorp Industries) entered a Share Sale and Purchase Agreement to purchase a 100.0% equity stake in FBNQuest Merchant Bank Limited.

Finally, following approval from the Securities and Exchange Commission (SEC), Zenith Bank Plc extended its Right Issue by two weeks, scheduled to end Monday, 9th Sept-2024 to close Monday, 23rd Sept-2024.

In October, we expect sustained buy-interest in Nigerian equities as investors shop for undervalued stocks with good fundamental valuations. Momentum stocks will also drive trading activity. The anticipated Q3-2024 earnings releases amongst corporates are expected to spur investors' sentiments towards the equity market. Nonetheless, the attractive yields in the money and bond markets will remain a demotivator for equity investments. We expect investors to reassess their portfolios following the 50bps hike in the benchmark interest rate.

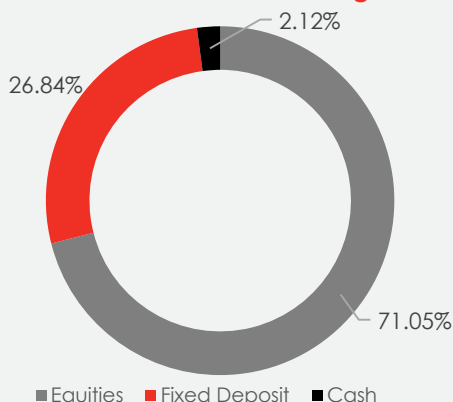
Past performance is not a reliable indicator of future performance, and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into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

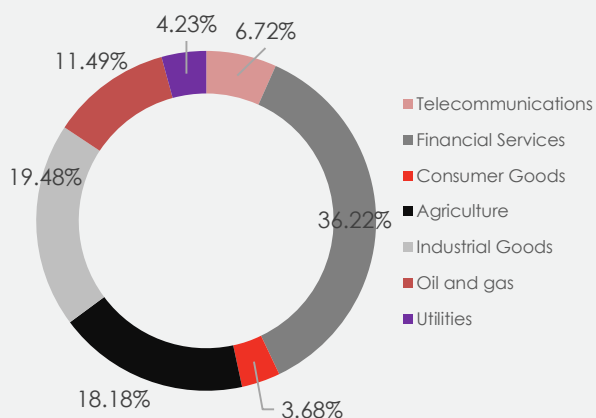
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	3.4bn
NAV Per Share (₦)	1.3764
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	NGX ASI
Investment Style	Aggressive
Base Currency/Start Year	Growth Oriented

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

Current Portfolio Holdings

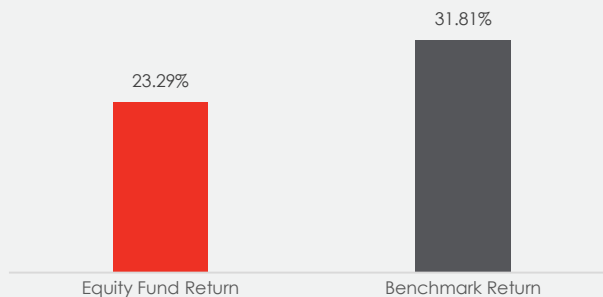


Equity Sectoral Allocation

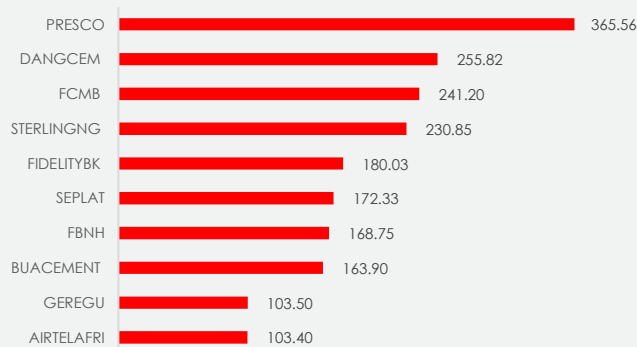


Governance Asset Allocation Ranges:
Money Market(10%-30%); Equities: 70%-90%

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%	23.29%
Benchmark (ASI)	-1.90%	42.30%	-17.80%	14.60%	50.03%	6.07%	19.98%	45.90%	31.81%

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

PERFORMANCE REVIEW

The United Capital Equity Fund returned 5.45% for the month of September 2024 translating to a YTD return of 23.29%, relative to the return of 31.81% posted by the benchmark for the same period.

During the month, the Nigerian stock market recovered from its two consecutive months of negative close, as the NGX ASI gained 2.05% to bring the YTD return to 31.81%. The positive sentiment persisted despite the surprise 50bps hike in the MPR and was spurred by impressive H1 earnings release and corporate action.

Looking ahead, we would actively monitor activities in the equities market ahead of the release of more H1 and Q3 financial performance. 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

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