

United Capital Equity Fund

Mutual Funds Factsheet | March 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 March 2024, the Nigerian Exchange was met with unprecedented resilience amid a tight monetary policy environment, which has seen the MPC hike the benchmark interest rate (MPR) by a cumulative of 600bps in Q1-2024. Riding on the tremendous value that still exists in the equities market and following the bear market in February 2024, the Bulls remained very active in terms of bargain hunting, particularly skewed towards the financial services sector. Ultimately, the adverse impact from the torrid monetary policy environment was more reflective across other sectors. The benchmark NGX-All Share Index (NGX-ASI) advanced by 4.6% m/m to close at 104,542.10 points. Hence, market capitalisation climbed to settle at N56.9tn.

On a sectoral level, performance was bearish, as three (3) of the five (5) sectors under our coverage closed in the red territory. Leading the band was the Industrial goods (-0.9% m/m) on the back of sell-offs in BUACEMEN (-4.5% m/m). Trailing behind were the Consumer goods (-0.8% m/m), and Oil & Gas (-0.7% m/m) sectors, driven by share price depreciation across DANGSUGA (-9.6% m/m), NB (-9.7% m/m), NASCON (-13.7% m/m), INTBREW (-7.3% m/m), and CONOIL (-10.0% m/m). On the flip side, the positive sentiment was mostly skewed toward the financial services sector, with the Banking (+21.2% m/m) and Insurance (+10.4% m/m) sectors closing in the green terrain, on the back of renewed buy-interests across ZENITHBA (+27.1% m/m), ACCESSCO (+27.9% m/m), UBA (+24.2% m/m), NEM (+50.0% m/m), MANSARD (+14.0% m/m) and AIICO (+8.6% m/m).

On corporate action, the newly listed Transcorp Power Plc released its audited financial statement for 2023. From the report, the GenCo recorded a laudable 57.3% y/y increase in its top line (Revenue), from N90.3bn in 2022 to N142.1bn in 2023. The sound topline growth helped produce a sustained growth in the company's EBITDA silencing any probable impact from the significant climb in impairment losses and administrative expenses. Despite a 75.0% y/y and 75.6% y/y increase in finance expenses and foreign exchange losses for the financial period, Transcorp Power recorded PBT of

N52.8bn, indicating an improvement of 84.6% y/y, from N28.6bn in 2022 with PAT for the period printing at N30.2bn, a 74.6% y/y significant improvement from N17.3bn in 2022.

Other corporates that released their full year 2023 financial statement reports include: BUA Foods Plc, Okomu Oil Palm Plc, PZ Cussons, UAC Nigeria Plc (UACN), Julius Berger, Transcorp Hotels, Ikeja Hotels Plc, Nigerian Aviation Handling Company Plc (NAHCO), Skyway Aviation Handling Company Plc (SAHCO), Total Energies Marketing Nigeria Plc, Eterna Plc, Japaul Gold Ventures Plc, United Capital Plc (UCAP), Access Corporation, among others.

In the oil & gas sector, Total Energies Marketing Nigeria Plc recorded a decent 31.8% y/y increase in revenue generated in 2023 from N482.5bn in 2022 to N635.9bn. Foreign exchange loss to the tune of (N11.5bn) in 2023 dampened the downstream company's operating profit which declined to N24.0bn from N29.7bn in 2022 down by 19.2% y/y. The company's bottom line equally took a hit with PAT declining by 19.9% y/y to print at N12.9bn from N16.1bn. Total declared final dividend of N25.0/share with qualification date set at 23 April 2024. Payment date was set for 17 June 2024. In the same vein, Eterna Plc also recorded impressive 57.3% y/y climb in its revenue generated from N116.5bn in 2022 to N183.3bn in 2023. Owing to FX losses to the tune of N18.4bn, Eterna Plc recorded a loss after tax in 2023, incurring an accounting loss of (N9.4bn) from a profit position of N1.0bn in 2022.

In the banking sector, Access Corporation released its audited financial statement for 2023. From the report, we saw that the bank grew its gross earnings by 87.0% y/y in 2023 from N1.4trn to N2.6trn. The bank's net interest income grew by 93.4% y/y in 2023 from N359.6bn to N695.4bn. A corresponding increase in the bank's non-interest income from N507.7bn to N869.8bn (up by 71.3% y/y) drove a significant northward nudge in the bank's PBT which grew by 334.8% y/y from N167.7bn to N729.0bn). Ultimately, the bank's PAT grew by 305.0% y/y from N152.9bn to N619.3bn. Access Holdings Plc recorded EPS of N17.23, 288.1% y/y higher than N4.44 in 2022. Access Holdings Plc declared a final dividend of N1.80 kobo, bringing total dividend for 2023 to N2.10 kobo (factoring in N0.30 kobo interim dividend).

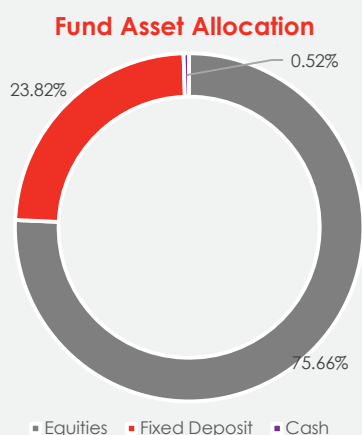
Looking ahead into April-2024, we expect mixed sentiment towards equities investments with bullish sentiments looking to outweigh at intervals (in terms of sustained bargain hunting) supported by the increased activities in the equities market following the flurry of corporate actions and the strong/resilient full-year 2023 financial performance of listed corporates (particularly amid the very challenging macroeconomic environment).

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.

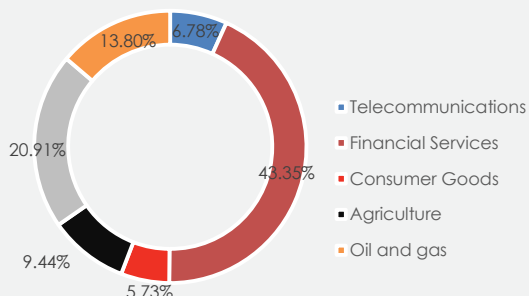
FUND FEATURES

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	3.2bn
NAV Per Share (₦)	1.6001
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

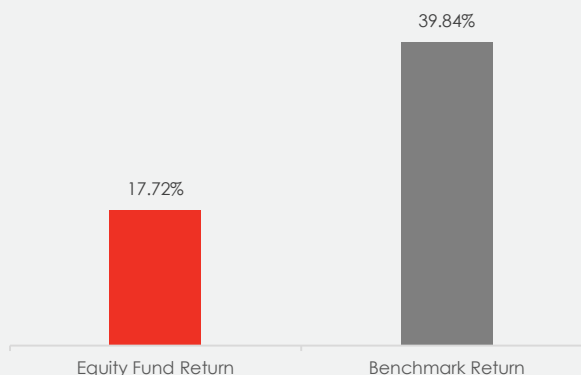


Equity Sectoral Allocation

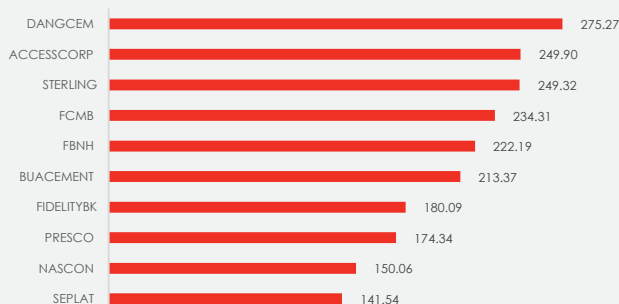


Governance Asset Allocation Ranges:
Money Market(10%-30%); Equities: 70%-90%

Equity Fund Performance Vs Benchmark



Top ten Equity Exposures value (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%	17.72%
Benchmark (ASI)	-1.90%	42.30%	-17.80%	14.60%	50.03%	6.07%	19.98%	45.90%	39.84%

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

PERFORMANCE REVIEW

The United Capital Equity Fund returned 3.39% for the month of March 2024 translating to a YTD return of 17.72%, relative to the return of 39.84% posted by the benchmark for the same period.

The equities market rebounded in March 2024, as the NGX All Share Index gained 4.58% MoM. The market witnessed bullish sentiment despite the hike in the MPR at the MPC meeting held during the month.

We would carefully cherry-pick activities around fundamentally sound stocks with solid performance in anticipation of further release of FY 2023 earnings report.

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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