

United Capital Equity Fund | Monthly Fact Sheet

October-21



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

The local bourse closed on a bullish note for the month of October, boosted by strong earnings from some blue-chip tickers, as positive sentiments dominated the market in Oct-2021. As such, the NGX ASI grew 4.5% m/m as YTD gain expanded to 4.2%, while the index printed at 42,038.16 points. Across sectors, performance was bullish, as all five indices under our coverage closed in the green. Leading the charge, was the Banking index (+10.6% m/m), which gained largely due to the increases in EII (+64.8% m/m) and FBNH (+37.8% m/m). Similarly closing in the green, the Oil and Gas (+6.4% m/m), Industrial (+4.2% m/m), Insurance (+3.9% m/m), Insurance (+4.2%) and the Consumer Goods (+0.4% m/m) all closed northwards.

In the past month, we saw a flurry of 9M-2021 earnings releases. In the Tier-1 Banking space, the numbers were mixed. ACCESS reported a 17.0% and a 19.0% y/y increase in Gross Earnings and Profit After Tax (PAT) to N693.1bn and N121.9bn, respectively. ZENITH reported a 1.9% y/y and a 0.8% y/y increase in Gross Earnings and Profit After Tax to N518.7bn and N160.6bn, respectively. On the other hand, STANBIC saw a 20.0% y/y decline in Gross Earnings to N146.6bn and a 39.6% y/y drop in PAT to N39.9bn in 9M-2021.

In the Industrial Goods sector, the cement players sustained impressive growth. DANGCEM reported 34.2% and 33.3% y/y growth in Revenue and PAT to N1.0tn and N278.3bn, respectively, in 9M-2021. WAPCO saw a 21.9% y/y growth in Revenue to N219.2bn and 43.3% growth in PAT to N40.4bn. BUACEMENT grew revenue by 19.4% y/y to N186.9bn during the 9M-2021 period and PAT by 23.2% y/y to N65.9bn.

In the Consumer Goods sector, NESTLE reported a 23.0% and a 5.0% y/y increase in Revenue and PAT to N261.6bn and N33.6bn, respectively. NB reported a 32.1% y/y and an 18.4% y/y increase in Revenue and PAT to N309.3bn and N8.2bn, respectively. While Flour Mills reported a 47.6% y/y increase in Revenue, increased Cost of Sales saw PAT only grow by 6.7% y/y. However, Unilever rose by 31.2% y/y to N58.7bn in Q3-2021. PAT grew by 1500% y/y in 9M-2021. Telecoms players MTNN and AIRTELAFR also reported their latest numbers. MTNN grew 9M-2021 Revenue by 23.6% y/y to N1.2tn and PAT by 52.7% y/y to N220.3bn. Similarly, AIRTELAFR H1-2022 Revenue increased by 25.2% to \$2.3bn, as PAT surged 131.6% y/y to \$335.0m.

Lastly, in the Oil and gas sector, ARDOVA released 9M-2021 scorecard showing Revenue was up 6.3% y/y to N136.1bn, while PAT was down by 19.8% y/y to N1.9bn. In Q3-2021, Total Energies' Revenue rose by 59.1% y/y to N242.2bn in Q3-2021. PAT was also up impressively by 2561% to N13.3bn in the period under review.

In the coming month, we expect investor sentiment to turn relatively flat with a bias towards the bears as we expect investors to begin profit-taking activities on some tickers following relatively impressive price rises on some tickers.

Contact Us:

Emmanuel Akehomen | +234-703-180-3064
emmanuel.akehomen@unitedcapitalgroup.com
 Asset Management | +234-1-631-7876
mutualfunds@unitedcapitalgroup.com

The United Capital Equity Fund is regulated by the Securities & Exchange Commission

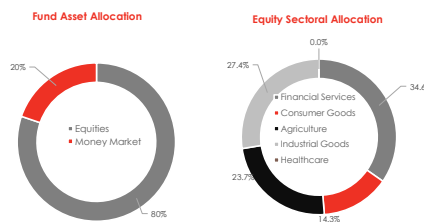
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.8bn
NAV Per Share (₦)	0.9319
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	NGX ASI
Investment Style	Aggressive

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

Government Asset Allocation Ranges:

Money Market(10%-30%); Equities: 70%-90%



Why Choose the Fund?

- Diversification across sectors
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework
- Long term capital growth

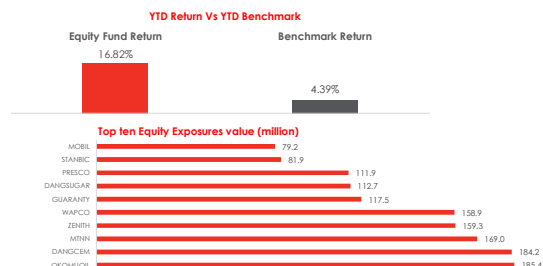
How to Participate

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.

PERFORMANCE REVIEW

The United Capital Equity Fund returned 4.87% for the month of October 2021, compared to the benchmark All Share Index (ASI) which returned 4.52% for the month. Similarly, the Year to date ("YTD") return on the Fund stood at 16.82% compared to the benchmark return of 4.39%.

We expect positive reaction to the flurry of earnings released so far as investors rotate their portfolio towards dividend-paying stocks ahead of 2021FY dividend declarations and also intermittent profit-taking activities to persist as investors search for clues on the direction of yields in the FI market. Nonetheless, the Fund would continue to focus on taking positions in only fundamentally justified stocks as the weak macro story remains a significant headwind for corporate earnings. We will maintain our allocation in line with the investment policy objectives and the Trust Deed. We expect the Fund to continue to outperform its benchmark given our selection of fundamentally strong stocks with attractive dividend yields.



Investment Risk

- Prone to equities market volatility

Return History

	2015	2016	2017	2018	2019	2020	YTD 2021
United Capital Equity Fund	-6.0%	-1.0%	36.1%	-5.4%	-1.9%	22.91%	16.82%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	4.39%

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