

# United Capital Equity Fund | Monthly Fact Sheet

December-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

In the final month of 2021, the equity market recorded a negative monthly return, largely driven by selloffs in large-cap industrials BUACEMENT (-10.0% m/m) and DANGCEM (-8.6% m/m), which pushed the main index, NGXASI, southward by 1.2% m/m. Nonetheless, the Nigerian stock market ended the year in positive territory, as the NGXASI closed at 42,716.4 index points with the FY-2021 return printing at 6.1% and the bourse's market capitalisation settling at N22.3tn.

Investor sentiment across the market turned positive during the month as the Consumer Goods (+7.7% m/m vs -3.9% m/m in Nov-2021) and Banking (+3.6% m/m vs -5.6% m/m in Nov-2021) sectors rebounded from the previous month's losses, driven by interest in NESTLE (+11.9% m/m), NB (+7.5% m/m), UBN (+21.7% m/m) and GTCO (+4.2% m/m). The Insurance sector picked up from where it left off in Nov-2021 with a 5.6% m/m return (vs 4.2% in Nov-2021) as ROYALEX (+60.0% m/m) and MBENEFIT (+26.9% m/m) rallied. Conversely, the Industrial Goods Index (-8.4% m/m) index declined due to profit-taking in BUACEMENT (-10.0% m/m) and DANGCEM (-8.2% m/m). Furthermore, the Oil and Gas Index fell 4.5%, as Omicron concerns spurred selloffs in ETERNA (-16.5% m/m) and OANDO (-9.8% m/m).

In terms of corporate activity, Union Bank (UBN) announced that its majority shareholder, Atlas Mara Limited, completed its divestment from the bank, with Titan Trust Bank acquiring 89.4% of the bank's issued share capital. In addition, Airtel Africa (AIRTELAF) announced the completion of the minority shareholding buyback of Airtel Networks Limited ('Airtel Nigeria'), a subsidiary of Airtel Africa Plc. AIRTELAF also announced the introduction of Chimera Investment LLC, a subsidiary of Chimetech Holding Ltd., as an additional investor in Airtel Mobile Commerce BV ('AMC BV'), through a \$50.0m secondary purchase of shares. Furthermore, MTN Group (MTNN) completed its public offering to retail investors, through which the Group planned to sell up to 575 million shares held in MTNN at N169.00 per share.

**This month, we expect mild sell pressures on the bourse as investors look to take profits off the table. That said, we expect the Jan-2021 buying interest to resume in no distant time as investors begin to position for FY-2021 dividend announcements**

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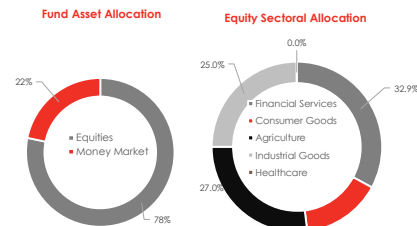
The United Capital Equity Fund is regulated by the Securities & Exchange Commission

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.7bn
NAV Per Share (₦)	0.9286
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

## Governance 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

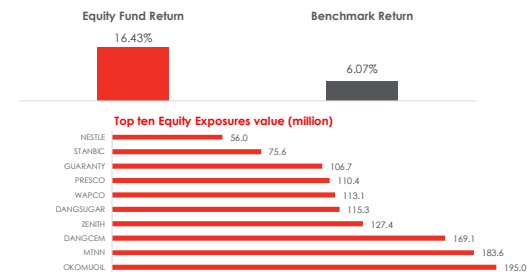
1. Log in to our online platform [www.investnow.ng](http://www.investnow.ng)
2. Click on "Equity Fund"
3. Click on "Open and account".
4. Fund your account online with a one-time payment or recurrent payments.

## PERFORMANCE REVIEW

The United Capital Equity Fund returned 0.54% for the month of December, compared to the benchmark All Share Index (ASI) which returned -1.23% for the month. However, the Full year 2021 return on the Fund stood at 16.43% compared to the benchmark return of 6.07%.

We expect the bulls to retain dominance as buying activities due to positioning for 2021FY dividends will likely suppress selling activities in the short term. 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.

## YTD Return Vs YTD Benchmark



## Investment Risk

- Prone to equities market volatility

## Return History

	2015	2016	2017	2018	2019	2020	2021
United Capital Equity Fund	-6.0%	-1.0%	36.1%	-5.4%	-1.59%	22.91%	16.43%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	6.07%

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

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.