

# United Capital Equity Fund | Monthly Fact Sheet



May-22

## 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 May, the equity market closed on a bullish note, expanding by 8.1% on the back of gains in AIRTELAF (+27.5% m/m) following a demand surge for its stock, MINN (+7.2%), INTBREW (+54.9% m/m), and OKOMU (+46.3% m/m). Our sectoral analysis mirrored positive sentiment, as three out of the five indices under our coverage closed in the green. The Consumer Goods Sector (+5.4% m/m) led the gainers following the gains in INTBREW (+54.9% m/m), NB (+9.3% m/m) and CADBURY (+78.1% m/m). The Oil and Gas sector (+5.3% m/m) followed closely led by gains in CONOIL (+30.7% m/m), ETERNA (+12.5% m/m and ARDOVA (+11.0% m/m). The Industrial goods sector (+3.99% m/m) also closed in the green on the back of gains in BUACEMENT (+8.2%), DANGCEM (+1.6% m/m), and CUTIX (+17.6% m/m). On the other hand, the Insurance Sector (-6.1% m/m) led the laggards following selloffs in AILCO (-10.4% m/m), MANSARD (-12.3% m/m) and NEM (-8.6% m/m). The Banking sector (+2.1% m/m) also closed in the red following sell pressures in ZENITHBA (-4.3% m/m), UBA (-6.1% m/m) and FIDELITY (-10.5% m/m).

On corporate actions in the financial services space, FBNHOLDING released an impressive FY-2021. Gross Earnings grew by 28.2% y/y from N590.66bn to N757.3bn, while profit after tax grew 68.4% y/y to N151.08bn. In Q1-2022, profit after tax grew 108.0% y/y to N32.44bn. Also, the company declared a dividend of N0.35/s. FLOURMILL released its FY-2021 results in the consumer goods sector and reported revenue growth of 50.8% y/y to N1.2tn and a profit of 8.9% y/y to N28.0bn. The proposed dividend was N2.15/s. HONEYWELL FLOUR MILL reported a 24% growth in revenue to N136.4bn from N109.6bn. Also, NESTLE released its unaudited Q1-2022 results, which showed a 26.3% increase in revenue and a 45% in PAT.

In the Agricultural sector, Presco released their unaudited Q1-2022. The company reported a growth in Gross Earnings of 115.9% y/y and Profit after Tax of 73.7% y/y to N13.9bn. The company also declared a dividend of N6.60.

**Looking forward into June, we remain soft on equities. We expect sentiment on the bourse to be dampened by the recent rate surge in the fixed income space, particularly following the hike in MPR. Nevertheless, we advise investors not to panic but instead take advantage of the dip to increase positions in attractively priced, fundamentally strong stocks.**

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

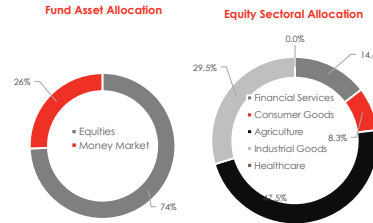
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	2bn
NAV Per Share (N)	1,1059
Minimum Entry (N)	10,000
Additional Investment (N)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
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

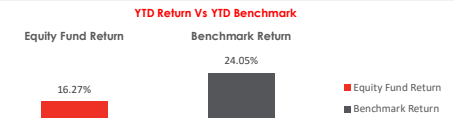
## How to Participate

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 9.56% for the month of May 2022, compared to the benchmark All Share Index (ASI) which returned 6.65% for the month. However, the Year to date ("YTD") return on the Fund stood at 16.27% compared to the benchmark return of 24.05%.

With the recent decision of the MPC to hike the MPR by 150bps, we expect negative sentiments to dominate market performance in the short term. Nonetheless, we think a short-term market correction will present opportunities for investors to make re-entry in stocks with sound fundamentals and attractive dividend yields. We will maintain our allocation in line with the investment policy objectives and the Trust Deed.



## Investment Risk

- Prone to equities market volatility

## Return History

	2015	2016	2017	2018	2019	2020	2021	YTD 2022
United Capital Equity Fund	-6.0%	-1.0%	36.1%	-5.4%	-1.59%	22.91%	16.43%	16.27%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	6.07%	24.05%

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