

United Capital Equity Fund | Monthly Fact Sheet

July-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 July, the Nigerian Stock Exchange (NSE) was overrun by bearish investor sentiment as profit-taking activities quenched the initial optimism and rally in anticipation of the H1-2022 earnings season. We saw selloffs dominate the market as investors shifted their focus from the equity space to the fixed income space amidst rising rates due to the hike in the monetary policy rate and tight system liquidity. Increased sell pressure in blue-chip companies like MTN (-13.0% m/m), BUACEM (-10.0% m/m), DANGCEM (-3.6% m/m), NB (-21.8% m/m), and NESTLE (-7.2% m/m) significantly impacted the m/m decline of the local bourse in the period under review. That said, the benchmark NGX-All Share Index (NGX-ASI) fell by 2.8% m/m to close at 50,370.3 points. Consequently, YTD return moderated to 17.9%, from June's 20.4% print, with market capitalisation settling at N28.0tn.

Our sectoral analysis reflected an overall negative sentiment, as four (4) of the five sectors under our coverage closed red. The Consumer Goods index (-8.1% m/m) led the laggards owing to sell pressure in NESTLE (-9.8% m/m), NB (-18.9% m/m), and INTBREW (-20.6% m/m). Trailing behind was the Insurance index (-6.3% m/m), which was dragged down by losses in AICO (-10.9% m/m), MANSARD (-14.0% m/m), NEM (-10.5% m/m), CHIPLC (-5.5% m/m). The Banking Index (-4.9% m/m) closed in the red as investors sought fixed-income securities. Losses in ZENITH (-3.2% m/m), UBN (-10.57% m/m), EIL (-6.6% m/m), ACCESS (-3.8% m/m) pulled the index southward. The Industrial Goods index also lost (-4.2 m/m), dragged by losses in BUACEM (-10.0% m/m), DANGCEM (-22.2% m/m), WAPCO (-10.1% m/m). Inversely, the Oil and Gas index gained (2.0% m/m), driven by SEPLAT (+10.0% m/m) on the back of strong earnings performance.

On corporate actions, we saw an influx of positive and impressive performance as several companies released their H1-2022 results. In the banking sector, FCMB, FBN Holdings and Wema Bank recorded 80.9%, 48.6% and 42.0% increases in their Profit After Tax (PAT), printing at N13.7bn, N56.6bn and N5.3bn, respectively. Similarly, in the Industrial sector, BUA Cement, Lafarge (WAPCO) and Julius Berger increased their PAT by 32.1%, 41.4% and 26.1% to N61.4bn, N37.4bn and N6.0bn, respectively. Lastly, the Consumer goods sector presented a whopping performance as Cadbury and Guinness Nigeria had 353.7% and 1146.8% increases in their PAT in H1-2022 and FY-2021/22, respectively. Guinness Nigeria, Guinness Nigeria, Okomu Oil and SEPLAT all announced dividend payments of N7.14/s, N5.60/s, N7.0/s and \$0.025/s, respectively.

We expect the market to remain quiet in August. However, we expect the bears to dominate slightly, as the prevailing interest rate environment creates medium to long-term uncertainty in the equities market.

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

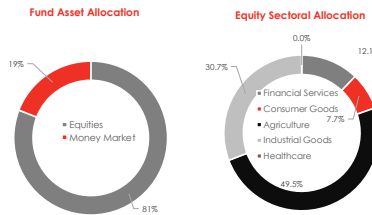
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (M)	1.9bn
NAV Per Share (M)	1,0019
Minimum Entry (M)	10,000
Additional Investment (M)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
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

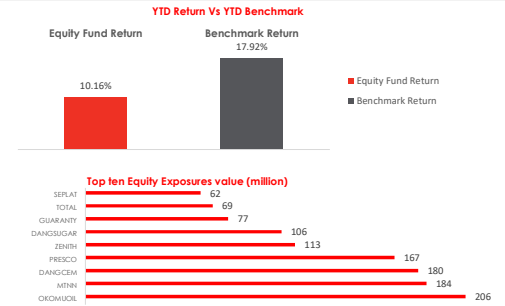
How to Participate

1. Log in to our online platform www.investnow.ng
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 -2.81% for the month of July 2022, compared to the benchmark All Share Index (ASI) which returned -2.79% for the month. However, the Year to date ("YTD") return on the Fund stood at 10.16% compared to the benchmark return of 17.92%.

We believe the full swing of the H1-22 earnings season will dictate market sentiments and possibly drive positive performance as investors hunt for bargains in fundamentally sound stocks with a consistent history of interim dividend payments. Notwithstanding, we envisage intense selling pressures on stocks of companies that grossly underperform in H1-22. The fund would continue to take positions in only fundamentally justified stocks as the unimpressive 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.



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%	10.16%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	6.07%	17.92%

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