

# United Capital Equity Fund | Monthly Fact Sheet



August-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 August, the Nigerian Stock Exchange (NGX) was dominated by the bears as we saw profit-taking activities off strong-performing stocks in the market. In addition, the rising yield environment amidst tight system liquidity shifted asset classes from the equity market to the fixed income instruments. Notably, sell pressures in large-cap stocks such as BUACEMEN (-25.0% m/m), DANGCEM (-7.5% m/m), SEPLAT (-9.1% m/m) and MTNN (-0.5% m/m) drove the local bourse southwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) declined by 1.1% m/m to close at 49,836.5 points. Consequently, YTD return weakened to 16.7%, from July's 17.9% print, with market capitalisation settling at N26.9tn.

On a sectoral level, activities were opposed to the broad-based market as sentiments towards the sectors were mainly bullish, with only two (2) of the five (5) sectors under our coverage in the red. The Industrial Goods (-13.8% m/m) sector led the laggards owing to sell pressures in BUACEMEN (-25.0% m/m) and DANGCEM (-7.5% m/m). Trailing behind was the Oil and Gas index (-4.3% m/m), due to losses in SEPLAT (-9.1% m/m) and ETIERN (-2.4% m/m). On the flip side, the Insurance sector (+7.9% m/m) led the gainers as bargain hunting in NEM (+47.1% m/m) and MANSARD (+4.7% m/m) drove the sector northwards. The Consumer Goods (+4.8% m/m) sector advanced due to regained buying interest in BUAFODDS (+14.8% m/m) and NESTLE (+6.9% w/w). Lastly, the Banking sector gained 2.4% m/m owing to price appreciation in ETI (+11.1% m/m) and ZENITHBA (+5.8% m/m).

On corporate actions, we saw an influx of positive and impressive performance as several companies in the banking sector released their H1-2022 results. Zenith Bank's revenue grew by 18.1% y/y to print N390.1bn, while PAT grew by 5.0% to record N111.41bn from N106.1bn in H1-2021. As a result, the bank declared an interim dividend of N0.30k. Similarly, Stanbic IBTC recorded strong profit growth as PAT grew by 36.0% to print at N30.7bn. Thus, the bank declared an interim dividend of N1.50k. Lastly, Fidelity Bank grew its gross revenue by 37.9% to N154.8bn in H1-2022 from N112.3bn in H1-2021, while PAT increased by 20.7% to N23.3bn.

Looking forward, we expect the market to remain bearish as the economic environment remains favourable for the fixed income market. We believe that investors will remain cautious as the rising yield environment and the tight system liquidity causes short to medium volatility in the equity market.

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

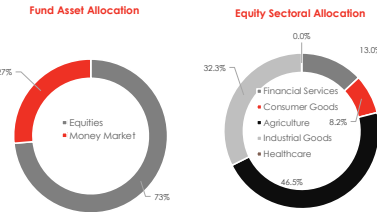
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (M)	1.8bn
NAV Per Share (M)	0.9773
Minimum Entry (M)	10,000
Additional Investment (M)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
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

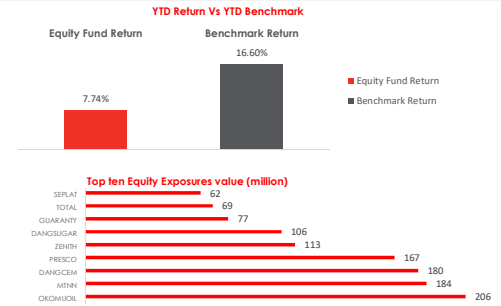
## How to Participate

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 -2.29% for the month of August 2022, compared to the benchmark All Share Index (ASI) which returned -1.11% for the month. However, the Year to date ("YTD") return on the Fund stood at 7.74% compared to the benchmark return of 16.60%.

We expect alpha-seeking investors to continue to seek trading opportunities in stocks of companies that delivered impressive earnings during the Q2-22 earnings season amid the yield uptick in the FI market. However, we think the absence of a near-term catalyst will likely skew overall market sentiments to the negative side, particularly as the political space gets heated. 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%	16.45%	7.74%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	6.07%	16.60%

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