

September-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 September, the Nigerian Stock Exchange (NSE) was overrun by bearish investor sentiment as the rising interest rate environment quenched any optimism from expected Q3-2022 earnings. 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 AIRTELAF (-1.96% m/m), NESTLE (-10.0% m/m), GTCO (-9.19% m/m), BUACEM (-2.62% m/m), and SEPLAT (-3.85% 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 1.63% m/m to close at 49,024.16 points. Consequently, YTD return moderated to 14.8%, with market capitalisation settling at N26.5tn.

Our sectoral analysis reflected an overall negative sentiment, as all five (5) sectors under our coverage closed red. The Insurance index (-6.5% m/m) led the laggards owing to sell pressure in CORNEST (-18.8% m/m), MANSARD (-7.2% m/m), and AIICO (-3.7% m/m). Trailing behind was the Oil and Gas index (-4.5% m/m), which was dragged down by losses in TOTAL (-10.0% m/m), SEPLAT (-3.9% m/m), and OANDO (-7.6% m/m). The Consumer Goods Index (-2.6% m/m) closed in the red as investors sought fixed-income securities. Losses in NESTLE (-10.0% m/m), DANGSUG (-2.1% m/m), VITAFOAM (-11.2% m/m), HONEYFLOU (-14.3% m/m) pulled the index southward. The Banking index also lost (-2.2 m/m), dragged by losses in ZENITHBA (-4.5% m/m), ACCESSCO (-2.9% m/m), UBA (-1.5% m/m). Finally, the Industrials index fell (-0.2% m/m), driven by losses in BUACEM (-2.6% m/m), WAPCO (-2.0% m/m) and BETAGLAS (-10.0% m/m).

On corporate actions, GTCO released its Q2-2022 results. Despite a 12.9% y/y growth in Net interest income to N120.8bn, a 17.0% y/y N9.2bn rise in operating expenses, and an 88.3% y/y N12.1bn jump in income tax expense drove PAT down 2.3% y/y to print at N77.6bn. An interim dividend of N0.30k per share was proposed. UBA also released its Q2-2022 results, revealing a 19.9% y/y growth in Net interest income to N177.5bn. Despite a 30.1% y/y N32.3bn increase in fees and commission income, a 22.6% y/y N17.8bn increase in operating expenses ultimately moderated PAT to N70.3bn. Also, First Pension, a subsidiary of FBNH, has acquired 100.0% share capital of Access Pension from Access Bank. ACCESSCO also released its Q2-2022 results. The tier-1 bank recorded a 31.4% y/y (N141.5bn) growth in its gross earnings to settle at N591.8bn. The bank recorded a decline in Net interest income for the period, with total profit climbing by 2.2% (N1.95bn) to N88.8bn, owing to a 14.3% (N1.51bn) reduction in allotted income tax for the period. An interim dividend of N0.20k per share was proposed. FLOURMILL shareholders have presented a final dividend payment of N2.15k for approval at its AGM.

We expect a bear market in September 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

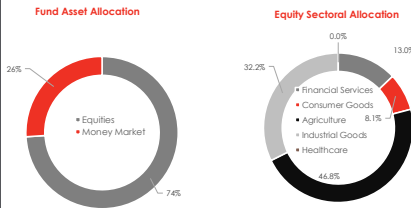
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	1.8bn
NAV Per Share (N)	0.9695
Minimum Entry (N)	10,000
Additional Investment (N)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
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

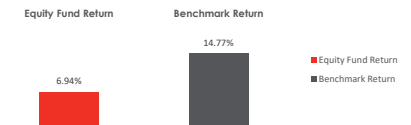
1. Log in to our online platform www.investnow.ng
2. Click on "Equity Fund"
3. Click on "Open and account".
4. Fund your account online with a one-time payment or recurrent payments.

PERFORMANCE REVIEW

The United Capital Equity Fund returned -0.79% for the month of September, 2022, compared to the benchmark All Share Index (ASI) which returned -1.63% for the month. However, the Year to date (YTD) return on the Fund stood at 6.94% compared to the benchmark return of 14.77%.

Considering the outcome of the MPC meeting, we believe the CRR hike would drag the banks' profitability, as downward pressure on net interest margins (NIM) would inhibit earnings growth and may further limit investors' interest in banking stocks. Overall, we expect the local bourse to maintain cautious trading sentiments as electioneering activities kick off in full gear. 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.

YTD Return Vs YTD Benchmark



Top ten Equity Exposures value (million)



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%	6.94%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	6.07%	14.77%

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