

United Capital Equity Fund | Monthly Fact Sheet

November-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 November, the bulls dominated the Nigerian Exchange (NGX) as bargain hunting in stocks with fundamentals prevailed, halting the five consecutive months of bearish outflows in the market. Despite the pessimistic outlook for the equities market amid rising money market rates, attractive valuations following months of selling pressure were exploited by investors, particularly as many attempted to reinvest interim dividends received. This spurred the m/m increase in November. Notably, buy interests in large-cap stocks such as DANGCEM (+19.0% m/m), AIRTELAF (+14.6% m/m), MTNN (+11.0% m/m), and BUACEMENT (+10.0% m/m) drove the local bourse upwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) climbed by 8.7% m/m to close at 47,660.0 points. Consequently, YTD return improved significantly to 16.7%, from October's 2.6% print, with market capitalisation settling at N26.0tn.

On a sectoral level, market activities were broadly bullish, as three (3) of the five (5) sectors under our coverage closed in the green. The Industrial Goods (+13.2% m/m) sector led the gainers due to bargain hunting in DANGCEM (+19.0% m/m) and BUACEMENT (+10.0% m/m). Following behind were the Insurance (+3.0% m/m) and Banking (+5.8% m/m) sectors owing to price appreciations in MANSARD (+22.1% m/m), NEM (+12.5% m/m), ZENITHBA (+9.5% m/m) and ACCESSCO (+9.0% m/m). On the flip side, the Oil and Gas (-8.1% m/m) sector led the laggards due to selloffs in SEPLAT (-11.6% m/m) and OANDO (-8.1% m/m). Lastly, the Consumer Goods sector lost 4.5% m/m owing to price depreciation in NESTLE (-19.0% m/m) and GUINNESS (-24.0% m/m).

On corporate actions, a few companies released their 9M-2022 earnings. In the oil palm subsector, OKOMU's gross earnings grew by 61.6% y/y to N50.2bn, while Profit After Tax (PAT) increased by 55.6% y/y to N18.1bn. Thus, the company announced an interim dividend of N2.0/share. PRESCO, on the other hand, released a less impressive result, growing its PAT by 15.3% y/y to N15.9bn despite revenue growth of 72.9% y/y. The company declared an interim dividend of N2.0/share. Lastly, in the Consumer goods sector, BUAFODDS released its 9M-2022 results with a 20.2% y/y growth in revenue printing at N289.8bn. Gross profit rose by 14.5% y/y to N94.2bn (vs N82.3bn in 9M-2021) while PAT grew by 17.2% y/y to N68.8bn.

Looking forward, we expect to see a slowdown in the recent rally as short-term investors look to book profits as the year rounds up. We also opine that year-end portfolio rebalancing efforts by equity fund managers and foreign ETF managers may counteract any selloffs from short-term investors toward the end of the year.

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

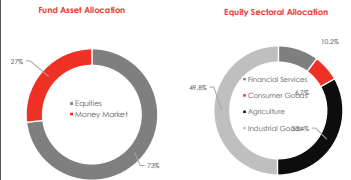
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	1.7bn
NAV Per Share (N)	0.9324
Minimum Entry (N)	10,000
Additional Investment (N)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmark	NGX ASI
Investment Style	Aggressive

*Inclusive of management fee. Returns are net of all fees

Government 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 0.63% for the month of November 2022, compared to the benchmark All Share Index (ASI) which returned 8.72% for the month. However, the Year to date (YTD) return on the Fund stood at 1.48% compared to the benchmark return of 11.58%.

We opine that the equity market would witness intermittent profit-taking activities given the improving yields in the FI market. Overall, we envisage a cautious trading theme as investors continue to search for clues on the direction of yields in the FI market. 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

Equity Fund Return: 1.48% | Benchmark Return: 11.58%



Top Ten Equity Exposures value (million)

ACCESS	55.2
AIRTEL	48.2
SEPLAT	78.4
MOBIL	79.2
PRESCO	138.3
OKOMU	147.5
DANGCEM	172.6
MTNN	195.4
BUACEMENT	198.3

Investment Risk

- Prone to equities market volatility

Return History

	2016	2017	2018	2019	2020	2021	YTD 2022
United Capital Equity Fund	-6.0%	-1.0%	38.1%	-5.4%	-1.5%	22.9%	14.4%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.6%	50.0%	6.0%

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