

# United Capital Equity Fund | Monthly Fact Sheet



December-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 December, the domestic equities market sustained its bullish run from the previous month as we witnessed bargain hunting in stocks with sound fundamentals. The market closed green in all four weeks despite the expectation that investors would book profits from Nov-2022 gains and pessimism of a market slowdown. In addition, the sudden downturn in the yield environment sparked renewed interest in the equity market.

Also, portfolio rebalancing activity contributed to the bullish sentiments as equity turnover doubled in the final week of the month. Notably, the market was primarily driven by buy interests in large-cap stocks such as BUACEMENT (+27.0% m/m), AIRTELAF (+12.8% m/m), NESTLE (+14.1% m/m), and MINN (+2.1% m/m). As a result, the benchmark NGX-All Share Index (NGX-ASI) climbed by 7.5% m/m to close at 51,251.06 points. Consequently, YTD return closed at 20.0%, from Nov-2022's 16.7% and Oct-2022's 2.6% print, with market capitalisation growing N1.9trn to settle at N27.9tn.

Market activities were broadly bullish on a sectoral level, as all five (5) sectors under our coverage closed in the green. The Industrial Goods (+12.5% m/m) sector led the gainers due to bargain hunting in BUACEMENT (+27.0% m/m) and WAPCO (+8.8% m/m). Following behind were the Consumer Goods (+7.8% m/m) and Banking (+7.1% m/m) sectors owing to price appreciations in NESTLE (+14.1% m/m), NB (+13.4% m/m), ZENITHBA (+10.6% m/m) and UBA (+5.6% m/m). The Insurance sector grew +5.3% m/m due to buy-interest in AICO (+9.3% m/m), CORNEST (+17.7% m/m) and WAPIC (+14.3% m/m). Lastly, the Oil and Gas sector grew 4.4% m/m owing to price appreciation in SEPLAT (+4.8% m/m) and ARDOVA (+32.4% m/m).

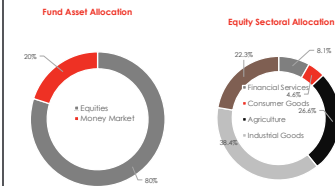
Looking forward, we anticipate robust market activity and bullish sentiments to continue. The usual January momentum is likely to dominate, particularly as the yield environment appears to be shifting downwards. Additionally, we expect anticipation of FY-2022 earnings to spur market performance.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	1.8bn
NAV Per Share (N)	0.9772
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](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.

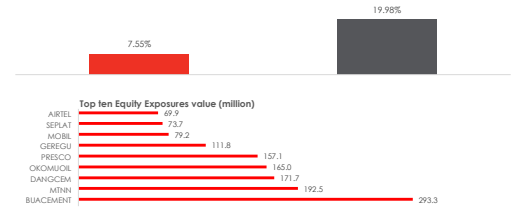
## PERFORMANCE REVIEW

The United Capital Equity Fund returned 6.29% for the month of December, compared to the benchmark All Share Index (ASI) which returned 3.9% for the month. However, the Full year 2021 return on the Fund stood at 7.55% compared to the benchmark return of 19.98%.

In the interim, we believe positioning for 2022FY earnings releases and accompanying dividends declarations will continue to support buying activities in the equity market even as institutional 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 weak 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: 7.55% | Benchmark Return: 19.98%



### Investment Risk

- Prone to equities market volatility

### Return History

	2015	2016	2017	2018	2019	2020	2021	2022
United Capital Equity Fund	-4.0%	-1.0%	36.1%	-5.4%	-1.5%	22.91%	16.43%	7.55%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	6.07%	19.98%

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

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

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