

February-21

FUND OBJECTIVE

The United Capital Equity Fund invests in quoted equities that are traded on the Floor of the Nigerian Stock Exchange ("NSE"). 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

Negative sentiment prevailed in the equities market for the month of February, as a bearish run wiped out gains from in the previous month. As such, the NSE-ASI returned a negative performance of -6.16% for the month of February. Sell pressure dominated the bourse as investors flocked to risk-free assets on the back of rising yields at the NTB and bond markets. Our sectoral analysis showed the bearish wave was broad-based, as three of the four sector based indices under our coverage closed in the red. The Insurance sector index (-17.8%), Banking index (-9.7%) and Consumer Goods index (-8.0%) all lost in February, while the Oil and Gas index gained (+4.3%).

The market saw a flurry of corporates disclosures as major blue-chip stocks released audited earnings reports towards the end of the month. Nigerian Breweries reported audited full-year earnings for 2020. The company reported a 4.3% uptick in revenue for the period. However, a challenging operating environment in 2020 drove costs higher, pressuring margins and resulting in a -54.2% decline in PAT for the period. Also, Zenith released its financial statement for FY-2020, posting a 5% growth in gross earnings to N696.5bn. The bank also announced a proposed final dividend of N2.7 per share, bringing the total dividend to N3.0 per share.

MTN Nigeria, another blue-chip stock, released its audited results to the NSE, posting a 15.0% increase in revenue to N1.3trn in 2020, from N1.2trn in 2019. Net income was up marginally by 0.9% to N205.2bn, mainly due to a 17.0% increase in finance cost, which capped gains. MTNN announced a final dividend of N5.9 per share, bringing the total dividend for 2020 to N9.4 per share.

Considering the upturn in the yield environment in the fixed income markets, we expect the bearish sentiment for stocks to persist in the month of March.

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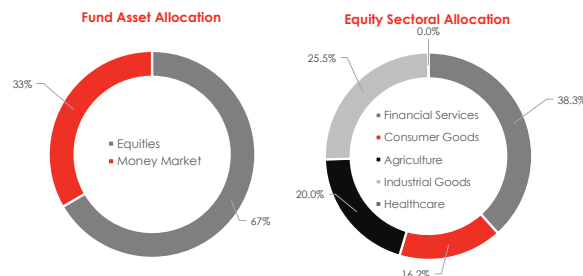
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The United Capital Equity Fund is regulated by the Securities & Exchange Commission

Past performance is not a reliable indicator of future performance. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. Please consult your financial adviser. This information has been compiled from sources considered to be reliable, but is not guaranteed. Any potential investor should consider conducting further enquiries in deciding whether to acquire, or continue to hold units in a fund.

Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.8bn
NAV Per Share (₦)	0.7040
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	NSE ASI
Investment Style	Aggressive

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



Why Choose the Fund?

- Diversification across sectors
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework
- Long term capital growth

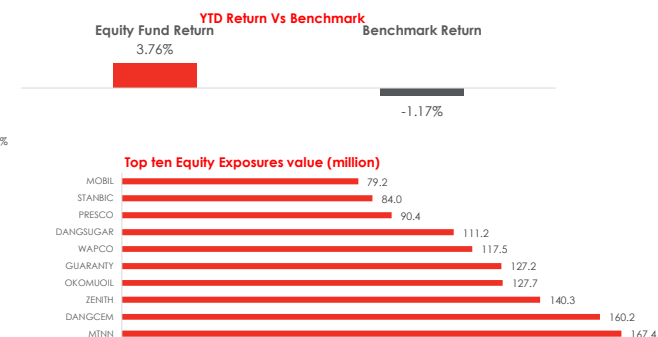
How to Participate

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 -3.59% for the month of February 2021, compared to the benchmark All Share Index (ASI) which returned -6.16% for the month. However, the Year to date ("YTD") return on the Fund stood at 3.76% compared to the benchmark return of -1.17%.

In the Month ahead, we would be seeing more corporate earnings as companies publish their audited FY 2020 result, accompanied by dividend declarations. We believe this should provide respite for market performance. However, we expect intermittent profit-taking activities to continue due to lingering concerns about yield elevation in the FI market. Nonetheless, the Fund would continue to focus on taking positions in only fundamentally justified stocks. We will maintain our allocation in line with the investment policy objectives and the Trust Deed. We expect the Fund to outperform its benchmark given our selection of fundamentally strong stocks with attractive dividend yields.



Investment Risk

- Prone to equities market volatility

Return History

	2015	2016	2017	2018	2019	2020	YTD
United Capital Equity Fund	-6.0%	-1.0%	36.1%	-5.4%	-1.59%	22.91%	3.76%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	-1.17%