

January-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

Positive momentum in the equities market was sustained in the first trading month of the year as the NSE-ASI printed a 5.3% MTD return. Buying interest was sustained in the equities market as investors rode on the back of impressive unaudited numbers from a number of blue-chip corporates. Our sectoral analysis showed the bullish sentiment was broad based, as the five indices under our coverage closed in the green with the Insurance sector index (+29.7%) leading the gains while the Oil & Gas index (+12.4%), Banking index (+7.9%), Consumer Goods index (+7.0%) and Industrial Goods index (+1.4%) trailing.

The market saw a flurry of corporates disclosures as major blue-chip stocks released unaudited earnings reports towards the end of the month. BUACEMENT continued its solid performance from Q3-2020 as it declared a 19.3% year on year ("y/y") growth in revenue to print at N209.4bn while Net Income grew 16.3% y/y to N70.5bn in its unaudited FY 2020 report. Furthermore, Total Nigeria Plc also released its FY 2020 unaudited results, recording a dip in revenue of 30.0%, owing to reduced sales of petroleum products. Net Income declined 1.6% y/y to N2.2bn as growth in Finance income cushioned pressure on revenue.

Furthermore, Flour Mills of Nigeria Plc posted a solid performance as revenue and net income surged 33.1% y/y and 90.9% y/y respectively to N555.3bn and N15.8bn in 9M 2020. Lastly, Guinness Nigeria Plc released its H1 2020/21 unaudited result reporting topline growth of 5.9% while recording Net Loss of N317.0m. In the coming week, we expect the direction of corporate releases to drive the performance of the equity market. We maintain our bullish outlook for the quarter.

We maintain our earlier prognosis for the Nigerian stock market that domestic demand, fuelled by dividend expectations is likely to sustain market rally in Q1-2021. Our key-downside risk remains an uptrend in the yield environment and another potential lockdown due to surging Covid-19 cases. As such, sentiment for stocks depends on monetary policy direction, particularly in relation to the yield environment. A sharp reversal of rates is likely to trigger a sell-off in the equities market considering that the current average market price-to-earnings (P/E) valuation multiple (16.0x) is considerably higher than the 5-year historical average (11.9x).

Contact Us:

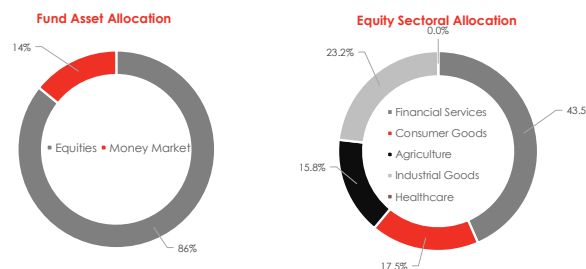
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The United Capital Equity Fund is regulated by the Securities & Exchange Commission

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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	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

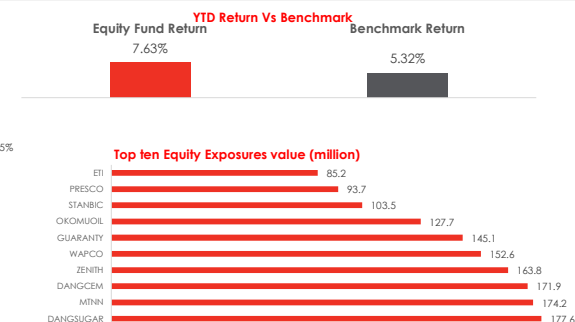
How to Participate

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 7.63% for the month of January 2020. However, the Year to date ("YTD") return on the Fund stood at 7.63% compared to the benchmark (NSE All Share Index) return of 5.32%.

With the outcome of the MPC meeting aligning with market expectations amid negative real returns in the money market and fixed income market, we expect risk-averse investors to recalibrate their portfolio towards fundamentally sound stocks with attractive dividend yields. Nonetheless, the Fund would continue to focus on taking positions in only fundamentally justified stocks as the fragility of the macroeconomic environment remains a significant headwind for corporate earnings. 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	Jan-21
United Capital Equity Fund	-6.0%	-1.0%	36.1%	-5.4%	-1.59%	22.91%	7.63%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	5.32%