

# United Capital Equity Fund | Monthly Fact Sheet



February-23

## 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 February, the bulls continued their strong dominance in the Nigerian Exchange Limited (NGX) as we saw bargain hunting across stocks with improved valuations, positive FY-2022 earnings performance, and attractive dividend yield amid a depressed yield environment. Investors' sentiment reacted the most to the flurry of positive corporate earnings releases, eventually bolstered by positive economic data from the National Bureau of Statistics (NBS). Notably, buy interests in large-cap stocks such as MTNN (+8.8% m/m), BUAFOODS (+20.8% m/m), GEREGU (+4.6% m/m), DANGCEM (+4.2% m/m) and SEPLAT (+20.5% m/m) drove the local bourse upwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) climbed by 4.8% m/m to close at 55,806.3 points in the period under review. Consequently, YTD return strengthened to 8.9%, from January's 3.9% print, with market capitalisation settling at N30.4tn.

Market activities were broadly bullish across various sectors as four (4) of the five (5) sectors under our coverage closed in the green zone. The Oil and Gas (+16.0% m/m) sector led the gainers due to buy-interests in SEPLAT (+20.5% m/m) and CONOIL (+76.8% m/m). Following behind were the Consumer Goods (+8.2% m/m) and Banking (+4.0% m/m) sectors owing to price appreciations in BUAFOODS (+20.8% m/m), FLOURMIL (+6.7% m/m), ZENITHBA (+6.0% m/m) and UBA (+6.1% m/m). The Industrial Goods sector gained 2.6% m/m due to bargain hunting in DANGCEM (+4.2% m/m) and WAPCO (+9.2% m/m). On the flip side, the Insurance (-2.3% m/m) sector was the sole loser owing to price depreciation in MBENEFIT (-15.4% m/m) and AIICO (-4.8% m/m).

On corporate actions, several companies released their FY-2022 earnings results. SEPLAT grew its revenue by 37.6% y/y, reflecting favourable price as average realised oil prices climbed to \$101.7/bbl (2021: \$70.5/bbl) despite volume contraction to 8.3 MMBbls (2021: 8.9 MMBbls). In the Industrial sector, DANGCEM's revenue increased by 17.0% y/y, and BUACEMENT recorded impressive domestic sales (+39.9%) to push PAT higher by 12.1% y/y. WAPCO's topline growth of 27.3% was propelled by cement sales (+26.1% growth contribution). Lastly, in the consumer goods sector, NB, DANSUGAR and NESTLE recorded revenue growth of 25.9% y/y, 46.1% y/y and 27.0%, respectively.

Similarly, we witnessed several dividend announcement in the period under review. SEPLAT declared a final dividend of \$0.025 and a special dividend of \$0.05 per ordinary share of N0.50k each, bringing total dividend per N1 share to \$0.15 (vs 2021: \$0.10). In the industrial sector, DANGCEM, BUACEMENT and WAPCO declared a final dividend of N2.8, N20.0 and N2.0, respectively. In the consumer goods sector, NB, DANSUGAR and NESTLE declared a final dividend of N1.03, N1.5 and N36.5, respectively, for FY-2023. In addition, the Central Bank has granted Zenith Bank Plc (the "Company") Approval-In-Principle to operate as a non-operating financial holding company.

**Looking ahead, we maintain our positive outlook for the domestic equities market in Q1-2023, supported by the excess maturities expected in the market amid post-election uncertainties and the depressed rates in the fixed-income environment. However, we believe investors may book profits off stocks that performed well in the previous month's rally. This presents an opportunity for the BUY-SIDE to increase their holdings (in the near term) on fundamentally sound stocks with improved valuation and dividend performance.**

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

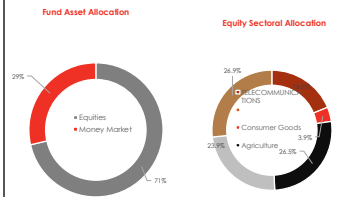
Fund performance is not a reliable indicator of future performance and individual investors' returns may differ depending on individual investment period. Performance is net of fees and charges. This information has been prepared for the purpose of providing general information, without taking into account 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 (N)	2bn
NAV Per Share (N)	1,0749
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, fundator's cost 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.

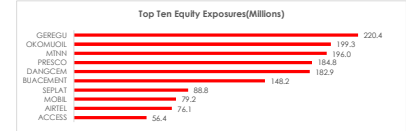
## PERFORMANCE REVIEW

The United Capital Equity Fund returned -0.22% for the month of February 2023, compared to the benchmark All Share Index (ASI) which returned 4.69% for the month. Similarly, the year to date (YTD) return on the Fund stood at 10.16% compared to the benchmark return of 7.92%.

In February, the bulls continued their strong dominance on the Nigerian Exchange (NGX) as we saw bargain hunting across stocks with improved valuations, positive FY-2022 earnings performance, and attractive dividend yield amid a depressed yield environment. Investors' sentiment reacted the most to the flurry of positive corporate earnings releases, eventually bolstered by positive economic data from the National Bureau of Statistics (NBS).

The fund would continue to take positions in stocks with low prices, solid valuations, and dividend performance in a bid to take advantage of extension of the current bull run. We will maintain our allocation in line with the investment policy objectives and the trust deed.

## YTD Return Vs YTD Benchmark



## Investment Risk

- Prone to equities market volatility

## Return History

	2014	2017	2018	2019	2020	2021	2022	YTD 2023
United Capital Equity Fund	-1.0%	36.1%	-5.4%	-1.6%	22.9%	14.4%	7.55%	10.16%
Benchmark (ASI)	-1.9%	42.3%	-17.0%	14.0%	50.0%	4.0%	19.98%	7.92%

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