

# United Capital Equity Fund | Monthly Fact Sheet



March-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 March, the bears resumed activities in the Nigerian Exchange Limited (NGX) as we saw profit-taking activities off top-performing stocks due to the extended rallies in the market. Notably, sell-offs in large-cap stock AIRTELAF (-8.7% m/m) primarily dragged the local bourse downwards. In addition, price depreciations in SEPLAT (-13.2% m/m), BUACEMEN (-1.6% m/m), and STANBIC (-9.8% m/m) contributed to the bear market. As a result, the benchmark NGX-All Share Index (NGX-ASI) declined by 1.7% m/m to close at 54,858.0 points. Consequently, YTD return weakened to 7.0%, from February's 8.9% print, with market capitalisation settling at N29.7tn.

On a sectoral level, market activities were broadly bearish, as three (3) of the five (5) sectors under our coverage closed in the red. The Oil and Gas (-9.7% m/m) sector led the losers due to sell pressures in SEPLAT (-13.2% m/m) and CONOIL (-18.9% m/m). Following behind were the Banking (-3.0% m/m) and Insurance (-1.1% m/m) sectors owing to price depreciations in ETI (-13.5% m/m), ZENITHBA (-2.5% m/m), WAPIC (-9.1% m/m) and MANSARD (-5.0% m/m). On the flip side, the Consumer Goods (+4.4% m/m) sector led the gainers on the back of buy interests in BUAFODDS (+13.3% m/m) and DANGSUGA (+5.5% m/m). The Industrial Goods sector gained 1.2% m/m, buoyed by price appreciations in DANGCEM (+4.3% m/m) and CUTIX (+1.8% m/m).

On corporate releases, several companies released their FY-2022 earnings results. In the banking sector, UBA grew its revenue by 29.2% y/y, supported by the 17.5% y/y increase in interest income. Despite a significant 226.3% y/y climb in impairment losses, its Profit after tax (PAT) rose by 43.5% y/y to N170.3bn. As a result, the bank declared a dividend of 90k/share. ETI's PAT climbed by 7.0% y/y, and the bank declared a dividend of \$0.11. Lastly, ZENITHBA's PAT declined by 8.4% y/y due to a 105.7% increase in its impairment charge. Despite the preceding, the bank declared a dividend of N2.90k/share. In the consumer goods sector, International Breweries grew its revenue by 19.9% y/y. However, a 122.7% y/y climb in finance costs expanded the brewer's loss by 22.7% y/y. BUA Foods increased its revenue in FY-2022 by 25.6% y/y, with the firm's PAT climbing by 30.8% y/y in the same period. In the oil and gas sector, Total Energies realised a 41.4% growth in its revenue for the period while its PAT shrunk by 4.4% y/y, weighed by a 204.7% y/y increase in finance cost. The downstream oil declared a final dividend of N21.0/share.

On corporate actions, the Securities and Exchange Commission (SEC) approved the establishment of a new share buy-back programme for Dangote Cement Plc. In addition, the Commission registered the 2,055,226,476 bonus shares for Nigerian Breweries.

Lastly, Access Holdings Plc announced that Access Bank Zambia Limited had received final regulatory approval from the Central Bank of Zambia for the acquisition and merger of Africa Banking Corporation Zambia Limited (Atlas Mara Zambia) into its existing operations. The transaction is expected to be completed in Q3-2023.

**Looking ahead, we maintain a positive outlook for the domestic equities market in Apr-2023, as investors' risk-on sentiment is projected to prevail. We believe that the positive earnings and dividend performance of most corporates for FY-2023 will bolster investors' interest in local equities, as dividend season is already underway. Low valuations from the previous month's bear market will present extended opportunities for BUY-SIDE investors to increase their holdings (in the near term) on fundamentally sound stocks. However, we see room for pockets of profit-taking activities during the month.**

## Contact Us:

Emmanuel Akehomen | +234-703-180-3064  
[emmanuel.akehomen@unitedcapitalgroup.com](mailto:emmanuel.akehomen@unitedcapitalgroup.com)  
 Asset Management | +234-1-431-7876  
[mutualfunds@unitedcapitalgroup.com](mailto:mutualfunds@unitedcapitalgroup.com)

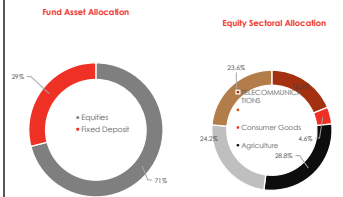
The United Capital Equity Fund is regulated by the Securities & Exchange Commission

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)	1,0388
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

\*Includes of management fee, fund expenses and all fees

**Governance Asset Allocation Targets:**  
 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 -1.04% for the month of March 2023, compared to the benchmark All Share Index (ASI) which returned -1.68% for the month. Similarly, the year to date (YTD) return on the Fund stood at 9.01% compared to the benchmark return of 6.30%.

In March, the bears resumed activities in the Nigerian Exchange Limited (NGX) as we saw profit-taking activities off top-performing stocks due to the extended rallies in the market. We also saw result releases and the positive earnings and dividend performance of most corporates for FY-2022 bolstered investors' interest in local equities.

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 bullish run. We will maintain our allocation in line with the investment policy objectives and the Trust Deed.

## YTD Return Vs YTD Benchmark



## Top Ten Equity Exposures(Millions)



## Investment Risk

- Prone to equities market volatility

## Return History

	2014	2017	2018	2019	2020	2021	2022	YTD
United Capital Equity Fund	-1.0%	36.1%	-5.4%	-1.6%	22.91%	18.43%	7.55%	9.01%
Benchmark (ASI)	-1.9%	42.3%	-17.6%	14.6%	20.05%	4.07%	19.26%	6.30%

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