

United Capital Equity Fund | Monthly Fact Sheet



May-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 May, the bulls resumed activities in the Nigerian Exchange Limited (NGX) as we saw renewed bargain-hunting activities in fundamentally sound stocks with strong corporate actions. In addition, the rally was spurred at the end of the month by positive sentiments following the announcement of some attractive policies by the new government in power. Notably, buy-interests in large-cap stocks such as MTNN (+9.8% m/m), DANGCEM (+7.4% m/m) and BUAFOODS (+14.0% m/m) drove the local bourse northwards. As a result, the benchmark NGX-All Share Index (NGX-ASI) climbed by 6.4% m/m to close at 55,769.3 points. Consequently, YTD return strengthened to 8.8%, from April's 2.3% print, with market capitalisation settling at N30.4tn.

On a sectoral level, market activities were broadly bullish, as all five (5) sectors under our coverage closed in the green zone. The Banking (+19.5% m/m) sector led the board due to gains in ZENITHBA (+27.2% m/m) and ACCESSCORP (+36.8% m/m). Following behind were the Oil & Gas (+18.7% m/m) and Consumer goods (+15.2% m/m) sectors owing to buy-interests in TOTAL (+25.1% m/m), CONOIL (+44.9% m/m), BUAFOODS (+14.0% m/m) and NESTLE (+19.8% m/m). The Insurance (+13.4% m/m) sector also followed closely on the back of price appreciations in MANSARD (+37.1% m/m) and NEM (+14.5% m/m). Lastly, the Industrial Goods sector climbed by 1.7% m/m, buoyed by bargain-hunting activities in DANGCEM (+7.4% m/m) and WAPCO (+7.9% m/m).

On corporate earnings releases, a few companies released their Q1-2023 earnings results in May. In the banking sector, Wema Bank Plc (Wema) released an impressive Q1-2023 result. Wema grew its Profit After Tax (PAT) by 88.4% y/y due to a 35.4% y/y increase in interest income and a 61.3% y/y reduction in impairment losses. Similarly, ETI's PAT increased by 5.4% y/y following a 33.0% y/y and 21.3% y/y climb in interest and non-interest incomes. In the telecommunication sector, Airtel Africa Plc grew its revenue in Q1-2023 by 11.5% y/y. However, a 70.5% climb in finance costs weighed on the firm's profitability, as its PAT declined by 0.7% y/y. Lastly, OKOMU Plc reported revenue turnover growth of 18.2% y/y and a 7.1% y/y climb in its PAT in Q1-2023.

On corporate actions, Seplat Energy Plc announced an interim dividend of \$0.03 per ordinary share. Also, the company confirmed that an exchange rate of N465.04/\$ and £0.8017/\$ would be applied when determining Q1-2023 interim dividend. Also, Fidelity Bank announced a final dividend of N0.40kobo/share, bringing the total dividend for FY-2022 to N0.50kobo/share.

Lastly, Access Holding Plc has received regulatory approval from the Central Bank of Angola: Banco Nacional de Angola for the acquisition of a majority equity stake in Finibanca Angola S.A.

Looking ahead, we expect mixed sentiments in the equities market in Jun-2023. We believe that the bulls' dominance will linger in the short term as the positive sentiments towards the market continue to drive the rally. As a result, we see room for more buy interests across fundamentally strong stocks supported by the sustained depressed rates in the fixed-income market. However, we note that there may be bearish sentiments in the market as investors may switch asset classes to fixed-income instruments due to a potential upward reversal of the yield curve. Thus, we recommend a cautious approach for equity-vested investors and fund managers, with a strategic switch to defensive stocks with solid fundamentals.

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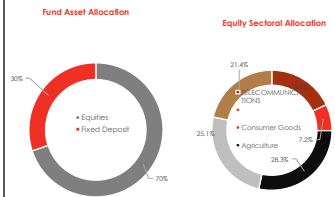
The United Capital Equity Fund is regulated by the Securities & Exchange Commission

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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (N)	2.1bn
NAV Per Share (N)	1.0664
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

*Exclusive of management fee, returns gross 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

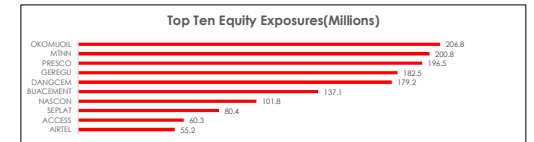
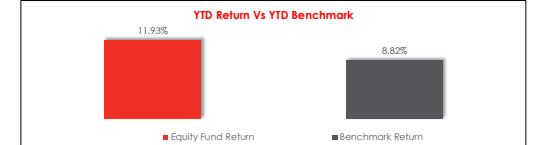
1. Log in to our online platform www.investnow.ng
2. Click on "Equity Fund"
3. Click on "Open and account".
4. Fund your account online with a one-time payment or recurrent payments.

PERFORMANCE REVIEW

The United Capital Equity Fund returned 3.29% for the month of May 2023, compared to the benchmark: All Share Index (ASI) which returned 6.40% for the month. Similarly, the year to date (YTD) return on the Fund stood at 11.93% compared to the benchmark return of 8.82%.

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The fund would continue to take positions in stocks with low prices, solid valuations, and dividend performance in a bid to take advantage of potential market rally. We will maintain our allocation in line with the investment policy objectives and the Trust Deed.



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%	22.7%	16.4%	7.6%	11.9%
Benchmark (ASI)	-1.9%	42.3%	-17.8%	14.6%	50.0%	6.1%	20.0%	8.8%

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