

United Capital Wealth For Women Fund

Mutual Funds Factsheet | July 2024

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FUND OBJECTIVE

The objective of the United Capital Wealth for Women Fund is to promote the financial inclusion of the female gender by increasing their access to financial investment products and addressing the current imbalance of most investment products being skewed towards the male gender.

The Fund Manager seeks to maintain a balance between realized income and capital growth to ensure regular distribution payments and continuous appreciation in asset values while ensuring optimal safety of assets and adequate liquidity to meet the Fund's obligations as they fall due. The Fund invests in money markets and equities. The equity portfolio is tilted towards companies with significant female representation on their boards and management teams.

MARKET REVIEW, OUTLOOK AND STRATEGY

In July, the bears dominated the Nigerian Stock Exchange (NGX) despite pockets of buy-interests during the month. We observed that the activities in the fixed-income market continue to serve as a key demotivator for risk on sentiments in the equities market. Notably, share price depreciations in large-cap stocks, DANGCEM (-10.0% m/m) and MTNN (-6.5% m/m) dragged the local bourse southwards. During the month, two major factors weighed on investors' sentiments and supported the bearish trend in the market. Firstly, the Monetary Policy Committee (MPC) hiked the benchmark interest rate by 50bps from 26.25% to 26.75% as part of its inflation-targeting framework. This weighed on investors' sentiments as the hike is expected to keep fixed-income rates elevated further. Additionally, the recent amendment of the Finance Act, which accommodates a 70.0% windfall tax on banks' Foreign Exchange (FX) gains from 2023-2025, added sell pressures on banking stocks. As a result, the benchmark NGX-All Share Index (NGX-ASI) declined by 2.3% m/m to close at 97,774.2 points. Consequently, YTD return weakened to 33.8% from June's print of 30.5%, with market capitalisation settling at N52.7tn.

At the primary market, the CBN conducted two (2) NT-bills auctions during the month. At the first auction, investors' demand was mildly strong, as total subscription printed at N308.7bn. Notably, CBN overallotted the auction, selling a total of N207.3bn bills. Thus, the stop rate on the 364-day bill rose by 56bps from 20.68% to settle at 21.24%. Meanwhile, the stop rates across the 91-day and 182-day bills remained unchanged at 16.30% and 17.44%, respectively.

At the second auction, the CBN conducted an NT-Bill Primary Market Auction (PMA) with an offer size of N278.0bn across the 91-day, 182-day and 364-day bills. Given the mildly strong demand at

the auction, the CBN decided to allow stop rates to inch higher at the auction, with stop rates across all the bills offered climbing by 220bps, 206bps, and 86bps, to settle at 18.5%, 19.5%, and 22.1%, respectively.

The Debt Management Office (DMO) conducted its July-2024 bond auction, with a total offer size of N450.0bn across the 5-YR "APR 2029" (reopened), 7-YR "FEB 2031" (reopened) and 9-YR "MAY 2033" (reopened) bond papers. The auction was undersubscribed reflective of investors' lackluster interest toward duration exposure. Investors' total bids printed at N279.7bn, implying an undersubscription rate of 0.9x. The DMO opted to undersell the auction, selling papers to the tune of N225.7bn. Given the weak demand for duration exposed instruments at the auction, marginal rates on all three offerings rose: on the 2029 (+25bps to 19.89%), the 2031 (+81bps to 21.00%), and the 2033 (+48bps to 21.98%).

In the secondary market, we observed sell pressures (particularly in the aftermath of the CBN's 296th MPC meeting) dominate the market. Thus, average yields on sovereign bonds closed higher to print at 19.76% in June-2024, a 101bps m/m climb from the 18.75% print in June-2024. Also, the average yields on sovereign bonds closed higher to print at 19.76% in June-2024, a 101bps m/m climb from the 18.75% print in June-2024.

Looking ahead into August, we expect mixed sentiments to persist in the equities market. Given the developments in the fixed-income market, we expect bearish sentiments amongst investors. The impact of the high yields in the fixed-income market will continue to be a key demotivator as investors switch their asset classes to less risky assets. Additionally, we expect the 50bps increase in the Monetary Policy Rate (MPR) and the windfall tax to continue driving bearish market sentiments in the background. However, we believe this bearish trend to be short-lived. This is hinged on the anticipation of more impressive H1-2024 corporate earnings releases, bank recapitalization exercise, corporate actions, and dividend prospects. This is expected to incentivize buy-interests as investors take positions in the market.

In Fixed-income markets, we expect the outcome of the MPC's 296th meeting to continue to encourage more activities at the CBN's SDF window, compared to the SLF window. This will look to underpin the financial system's liquidity profile. Also, we expect total maturities to the tune of N1.4trn (N362.3bn from coupon payments, N940.5bn from maturing NT Bills, and N116.5bn from maturing OMO bills), 64.8% higher than N878.9bn in July, to help bolster the liquidity of the system. Factoring in FAAC payments, we expect the month of August to be mostly liquid. The efficacy of the CBN's preferred mop up mechanism will determine the extent of liquidity in the financial system. We expect the CBN to continue to tactically manage its cost of capital.

FUND FEATURES

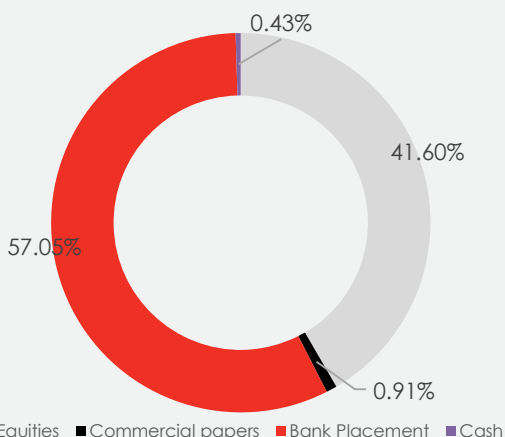
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2017
Fund Size (₦)	1.1bn
NAV Per Share (₦)	1.3934
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.8%
Benchmarks	91-Day T-bills/NGX ASI
Risk Profile	Moderate
Investment Style	Market Oriented

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

MATURITY PROFILE OF ASSETS

0-30days	69.64%
31-60days	13.86%
61-90days	16.50%
91-180days	0.00%
181-365days	0.00%

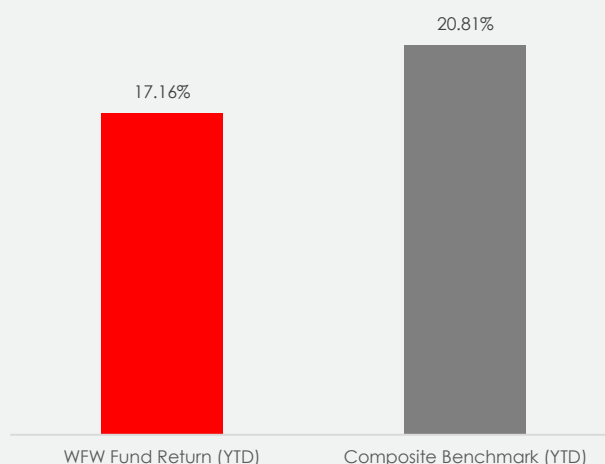
Current Portfolio Holdings



Governance Asset Allocation Ranges:

Equities (10%-80%), Money Market Instruments (20% -90%)

WFW Fund Return Vs Benchmark (YTD)



RETURN HISTORY

	2019	2020	2021	2022	2023	2024 YTD
UCAP WFW	7.79%	3.12%	6.60%	12.33%	31.90%	17.16%
Benchmark Return	1.12%	25.16%	5.56%	2.10%	23.99%	20.81%

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

PERFORMANCE REVIEW

The United Capital Wealth For Women Fund returned 1.76% in July 2024, translating to a YTD return of 17.16% compared to the composite benchmark (91-day T-bills and the ASI) return of 20.81% for the same period.

The equities market declined in July 2024, as the NGX All Share Index lost 2.28% MoM. The decline was on the back of high yield environment in fixed income space, rights issues and public offers, government policies and market reaction to the release of earnings results.

Looking ahead, we would actively monitor activities in the equities market ahead of the release of more H1 financial performance. Exposure to the market will remain on the lower limit while also taking position in attractive tickers that are currently undervalued and increase exposure to fixed income market given the attractive yield in that space.

We remain conservative in line with the investment policy objectives, as our selection of fundamentally strong stocks and high yielding money market instruments should further enhance the returns of the Fund going forward.

Past 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.

WHY CHOOSE THE FUND?

- Low volatility of Investment returns
- Well diversified portfolio
- Seamless entry and exit
- Professional management with robust risk framework
- Automatic rebalancing in times of rising or falling markets
- Ability to enjoy long term capital growth as well as safety

INVESTMENT RISK

- Market risk of equity exposure
- Macroeconomic instability

HOW TO PARTICIPATE

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



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