

United Capital Equity Fund | Monthly Fact Sheet



November-21

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

The equity market continued its positive run in November to gain 2.9%, closing the month at 43,248.05 points, as YTD return improved to 7.4% and market capitalisation closed at N22.6tn. The positive return was on the back of buying interest in large-cap telecoms tickers which was triggered by the Central Bank of Nigeria (CBN) granting approval in principle to major telecoms operators to operate Payment Service Banks (PSB). Consequently, AIRTELAFR (+21.8% m/m) and MTN (+8.7% m/m) closed the month strongly.

Investor sentiment across the market was mixed as the Oil and Gas (-7.6% m/m), Banking (-5.6% m/m) and Consumer goods sector (-3.9% m/m) closed in the red. The Oil and Gas index was the biggest laggard on the back of investor profit-taking activities in SEPLAT (-5.0% m/m) and TOTAL (-10.0% m/m). The Banking sector index also closed in the red following selloffs in GTCO (-14.4% m/m), ZENITH (-5.2% m/m), whilst the Consumer goods sector (-3.9% m/m) lost on the following price depreciation in NB (-12.3% m/m) and DANSUGAR (-4.4% m/m). The industrial sector index (+0.7% m/m) closed relatively flat, while bargain hunting led to significant gains in the Insurance sector (+4.2%), following buying interest in ROYALEX (+8.0% m/m) and REGALINS (+8.1% m/m).

In November, the equity market space saw a flurry of corporate actions, the NGX announced the reclassification of Okomu Oil Palm Plc (OKOMUOIL) from the Medium-Priced Stock Group to the High-Priced Stock Group. Also, in the past month, the MTN Group has announced plans to sell down approximately 14% of its shareholdings starting with a series 1 public offer for the sale of 575million shares in MTN Nigeria by way of a bookbuild to institutional investors and fixed price to retail investors. Lastly, Flour Mills of Nigeria (FMN) and Honeywell Flourmills (HONYFLOUR) announced a deal that would see FMN acquire a stake of 76.75% in HONYFLOUR at an enterprise value of N80.0bn with necessary adjustments for working capital.

In the coming month, we expect the market to continue to trade bearish due to absence of major positive factors to catalyse investors' interest in the equities market. Thus, we expect the downward pressure to create some attractive buying opportunities during the month. That said, we expect fund managers portfolio rebalancing towards the end of Q4 to reduce the impact of sell pressures on the market.

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

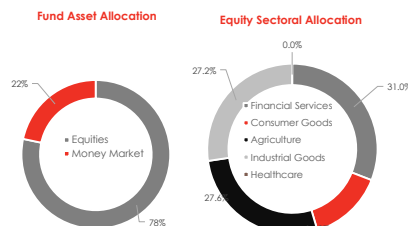
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.8bn
NAV Per Share (₦)	0.9236
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	NGX ASI
Investment Style	Aggressive

* Inclusive of management fee; Returns are net 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

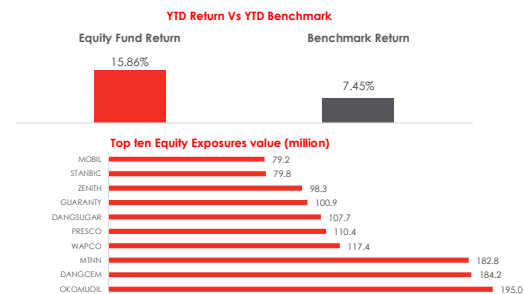
How to Participate

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 -0.89% for the month of November 2021, compared to the benchmark All Share Index (ASI) which returned 2.93% for the month. Similarly, the Year to date ("YTD") return on the Fund stood at 15.86% compared to the benchmark return of 7.45%.

we expect market performance to be dominated by the bulls, as positioning by early birds in dividend-paying stocks ahead of 2021FY dividend declarations and also intermittent profit-taking activities to persist as investors search for clues on the direction of yields in the FI market. Nonetheless, the Fund would continue to focus on taking positions in only fundamentally justified stocks as the weak macro story 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 continue 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	YTD 2021
United Capital Equity Fund	-6.0%	-1.0%	36.1%	-5.4%	-1.59%	22.91%	15.86%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	7.45%

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