

United Capital Equity Fund | Monthly Fact Sheet



April-21

FUND OBJECTIVE

The United Capital Equity Fund invests in quoted equities that are traded on the Floor of the Nigerian Stock Exchange ("NSE"). 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 month of April kicked off on a weak note as sustained uptick in the yield environment further reduced attractiveness of equities. As a result, selloffs garnered pace at the start of the month. However, positive market sentiment eventually prevailed in the equities market as positive earnings releases by major blue-chip tickers bolstered equity returns during the month. As such, the NSEASI gained 2.0% m/m as YTD loss moderated to -1.1% while the NSEASI printed at 39,840.2 points.

Across sectors, performance was bullish as three of the five indices under our coverage closed in the green. Leading the gainers, the Industrial Goods index (up 3.2% m/m), Consumer Goods index (up 2.8% m/m) and Oil & Gas index (up 1.8% m/m) closed northwards at the end of April. On the other hand, the Banking index (down 4.8% m/m) and Insurance index (down 1.5% m/m) closed in the red in the past month.

During the month of April, a flurry of corporate releases dominated market activities. For banking stocks, GUARANTY reported its Q1-2021 unaudited results, recording a 5.9% y/y decline in Gross Earnings (GE) to N106.2bn and a 9.0% y/y drop in after-tax profit (PAT) to N45.3bn. Also, STANBIC recorded a y/y GE decline of 26.0% to N45.7bn and a 45.0% y/y decline in PAT to N11.3bn. ACCESS recorded 5.9% y/y growth in Gross Earnings and a 28.4% y/y growth in bottom line. EIT reported 9.9% y/y topline expansion and 23.3% y/y bottom line growth.

In the FMCG space, Unilever reported Revenue growth of 45.7% y/y to N19.4bn and a Loss after tax of N492.0m. Nigerian Breweries led the brewers in releasing unaudited Q1-2021 earnings, showing a 27.0% y/y growth in Net Revenue to N105.7bn and a 39.2% y/y growth in PAT to N7.7bn. On the industrial front, DANGCEM also released its earnings for Q1-2021, recording a 33.5% y/y revenue growth and a 48.1% surge in PAT. Industry peers, WAPCO and BUACEMENT, also recorded upbeat performances, reporting 12.2% y/y and 13.4% y/y topline growth and 13.3% y/y and 13.0% y/y growth in bottom line, respectively.

Continuing the string of positive performances, upstream Oil and Gas player SEPLAT also churned out positive numbers, with 36.6% y/y revenue growth and 292.2% y/y PAT growth. ARDOVA saw a marginal 0.8% y/y growth in revenue and a 1.0% y/y PAT growth. Lastly, TOTAL also released its Q1-2021, which showed a 5.0% decline in revenue and a 1922.1% y/y in PAT.

Considering the upturn in the yield environment in the fixed income markets, our long-term position for the quarter on equities remains largely bearish. That said, we note that we expect to see momentary gains on stocks that deliver solid corporate earnings amidst the broad bearish sentiments.

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

Past performance is not a reliable indicator of future performance. 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.

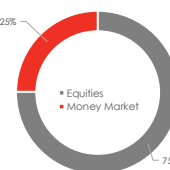
Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.7bn
NAV Per Share (₦)	0.8952
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
Total Expense Ratio*	1.6%
Benchmark	NSE ASI
Investment Style	Aggressive

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

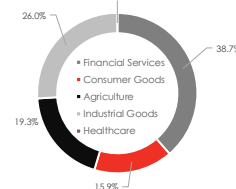
Governance Asset Allocation Ranges:

Money Market (10%-30%); Equities: 70%-90%

Fund Asset Allocation



Equity Sectoral Allocation



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 0.66% for the month of April 2021, compared to the benchmark All Share Index (ASI) which returned 2.04% for the month. However, the Year to date ("YTD") return on the Fund stood at 3.46% compared to the benchmark return of -1.07%.

Given decent corporate earning releases, we expect mixed market performance. However, we expect intermittent profit-taking activities to continue due to lingering concerns about yield elevation 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.

YTD Return Vs YTD Benchmark



Top ten Equity Exposures value (million)



Investment Risk

- Prone to equities market volatility

Return History

	2015	2016	2017	2018	2019	2020	YTD
United Capital Equity Fund	-6.0%	-1.0%	36.1%	-5.4%	-1.59%	22.91%	3.46%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	-1.07%