

United Capital Equity Fund | Monthly Fact Sheet

July-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 local bourse closed on a bullish note for the month of July as positive sentiments from H1-2021 earnings scorecard bolstered buying interest. However, the market also witnessed pockets of profit taking confirming investors remain cautious on holding long term positions. All in, the benchmark NGX All Share Index (ASI) grew 1.7% m/m as YTD loss moderated to 4.3%, while the index printed at 38,547.08 points.

Across sectors, performance was bullish, as three of the five indices under our coverage closed in the green. Leading the gainers is the Oil and Gas index (+19.8% m/m) on the back of impressive H1-2021 earnings result from TOTAL, SEPLAT, ETERNA as well as announcement by OANDO that it had resolved its regulatory infringement with the SEC. This was followed by the Industrial goods (+4.7% m/m) and Banking indices (+4.2% m/m) following decent earnings growth for cement producers and announcement of dividend by CUTIX. On the flip side, the Insurance (-2.5% m/m) and Consumer Goods (-1.0% m/m) indices closed in the red.

In the past month, several companies released their half year unaudited results. Nestle Plc had a revenue growth of 21.6% y/y to print at N171.4bn while its PAT dropped by 0.4% y/y to N21.7bn in June 2021. In the cement industry, Dangote Cement Plc and BUA Cement both experienced revenue growths to print at N690.5bn (44.8% y/y) and N124.3bn (22.7% y/y) respectively, alongside their PAT growth of 51.9% y/y and 24.6 y/y respectively. Similarly, in the Oil industry, Septat Energy Plc had a boom half year as its revenue grew by 50.4% y/y to N120.4bn and a turnaround PAT growth of 367.7% y/y to print at N14.1bn. On the other hand, in the banking industry, FBN Holding Plc released less than impressive numbers as its revenue dropped by 1.7% y/y to N291.3bn.

Regarding corporate actions, Airtel Africa announced the signing of an agreement under which Qatar Holding LLC, an affiliate of Qatar Investment Authority (QIA), will invest \$200.0m in Airtel Mobile Commerce BV (AMC BV) at \$2.7bn cash and debt free valuation basis. Lastly, Cutix Plc has proposed a final dividend of 15 kobo per 50 kobo ordinary share.

In the coming month, we expect to see reactions to earnings reports released by companies as investors continue to take profits off the table on stocks that deliver solid corporate earnings while others consider decent entry prices into large cap banking stocks yet to publish their H2-2021 scorecards.

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

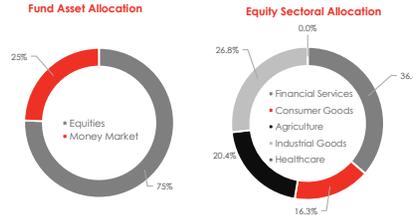
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Fund Manager	United Capital Asset Management Ltd
Base Currency/Start Year	Naira/2006
Fund Size (₦)	1.8bn
NAV Per Share (₦)	0.8717
Minimum Entry (₦)	10,000
Additional Investment (₦)	5,000
Structure	Open Ended
Entry/Exit Charges	Nil
Management Fee	1.5%
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%



Why Choose the Fund?

- Diversification across sectors
- Seamless entry and exit
- Low entry threshold
- Professional management with robust risk framework
- Long term capital growth

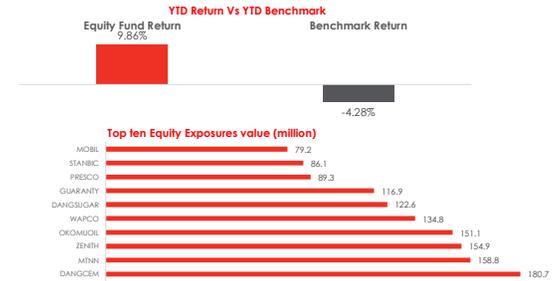
How to Participate

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 1.77% for the month of July 2021, compared to the benchmark All Share Index (ASI) which returned 1.7% for the month. Similarly, the Year to date ("YTD") return on the Fund stood at 9.86% compared to the benchmark return of -4.28%.

We believe investors will digest the flurry of earnings released to gauge the extent of improvement in company's fundamentals given the tepid recovery in macroeconomic conditions. As a result, we expect portfolio rebalancing activities into cyclical stocks and positioning in dividend-paying stocks to shape market performance in the short term. 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%	9.86%
Benchmark (ASI)	-17.4%	-1.9%	42.3%	-17.8%	-14.60%	50.03%	-4.28%

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