

MACROECONOMIC UPDATE

GLOBAL

- In the first quarter of 2021, global economic recovery gathered momentum following the acceleration of the vaccine rollout; reassurance of sustained fiscal and monetary policy; the rapid rise of bond yields, and an equity rally led by cyclical and small-cap value stocks were the major catalysts that defined the quarter. The common theme was the rising optimism over the outlook for global growth. However rising optimism has also led to concerns over rising inflation, with economies overheating due to increased demand and supply constraints, and central banks introducing tightening policies earlier than initially expected.
- 2020's outperforming asset classes and style factors lagged in Q1 2021, namely, Growth stocks (+0.3%), and EM stocks (+2.3%) while 2020 laggards, including REITs (7.4%), Small Cap (+9.5%) and Value (+9.8%) outperformed. Major catalysts for market movement included; The Democrat sweep in the Georgia runoff elections, The passing of the \$1.9 trillion fiscal stimulus package and Rising bond yields as a result of rising optimism over economic recovery.

DOMESTIC

- Nigeria's growth expectations received one of the more positive revisions by the IMF in its Q2 World Economic Outlook, which was revised upward by 1.0% to an expected 2.5% in 2021. Despite the faster-than-expected recession exit weakening the base year, the IMF has indicated that Nigeria's economy is expected to fully recover and expand from 2020's contraction.
- Eighteen consecutive months of inflation growth has led Headline inflation to rise to 17.33% (+1.58%, YoY), as of February 2021, its highest levels since February 2017. Inflationary pressures has been attributed to the border closures, supply chain issues and dollar illiquidity.

FINANCIAL MARKET UPDATE

EQUITIES

- After a historic Q4-20, Q1-21 has been largely bearish, in contrast with global equity markets that have been more focused on growth potential. The NSE ASI contracted 3.04% in Q1, despite a strong start to the year in January (+5.3%). As fixed income yields rose, equity investors remained cautious as higher stock valuations looked increasingly less attractive relative to surging yields.
- All major sector indices closed the quarter negative, excluding the NSE Oil & Gas Index (+17.8%), led by gains from SEPLAT (+36.7%); and the Insurance index (+8.1%), led by gains from early speculative trading in January (+29.8%). Q1's negative performance was broad, although the banking space (-9.3%) experienced significant volatility.
- Looking at specific names, DANGCEM (-12.2%), ZENITHBANK (-9.1%), NESTLE (-8.6%) MTNN (-5.7%) and BUACEMENT (-5.0%) were the large-cap names that drove the market lower. On the other end, AIRTEL (+9.2%) continued its positive momentum over the quarter.

FIXED INCOME

- In Q1 the domestic fixed income market was largely bearish, mostly driven by the early surge in OMO (Open Market Operations) rate, driving other rates upwards, Sell-off by PFAs given PENCOM's directive to balance mark-to-market positions and Rising Inflation.
- At the seventh NTB Primary Auctions held, the average stop rate rose 364 basis points (bps) to 4.22% – its highest level in a year. The 364-day T-bill (+596bps) rose at the highest pace to an average of 7.17%, reversing 2020's decline and reaching its highest levels in over a year. The 182-day and the 91-day rose 300bps and 197bps, respectively. Average subscription rate printed at 1.65x (Q4-20: 3.81x).
- At the FGN Bond auction, a total of N465bn was sold – marginally higher than the N450bn initially offered – with the DMO selling aggressively at the March Auction (174% of offered amount). Q1's average subscription rate was 1.64x (Q4-20: 3.58x), further signaling lower demand. The average stop rate rose 436bps to 11.32% over the quarter.
- At the Eurobond market, FGN Eurobond (+57bps) yields rose moderately – the short-end average yield declining 89bps, while the medium (+71bps) and long-end (+76bps) rose.



ARM AGGRESSIVE GROWTH FUND

FUND STRUCTURE

The ARM Aggressive Growth Fund is an open-ended investment vehicle sponsored and managed by ARM Investment Managers. A minimum of 75% and maximum of 100% of the Fund is invested in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme under the Investments & Securities Act 1990.

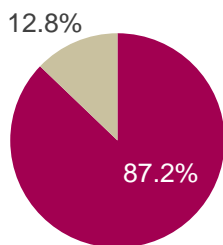
FUND OBJECTIVE

The mix of assets in the Fund is aimed at providing long term capital growth opportunities for investors with a high risk tolerance.

KEY FACTS

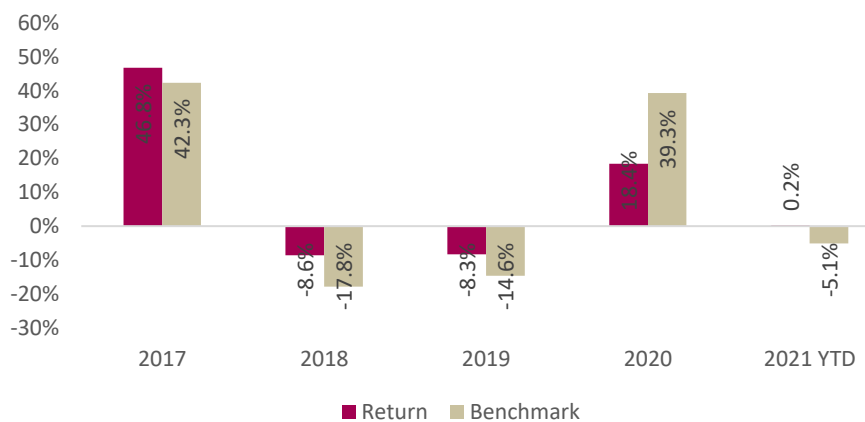
Launch Date	April 2014
Size of Fund	N2.2 Billion
Memorandum Listings	2008
Initial Investment Amount	N50,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Nigerian Stock Exchange 30 Index (NGSE30)
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Custodian	First Registrars Ltd.

FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	RELATIVE WEIGHTING
Financial Services	31%	22%	Overweight
Consumer Goods	21%	17%	Overweight
Telecommunications	15%	21%	Underweight

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ARM DISCOVERY BALANCED FUND

FUND STRUCTURE

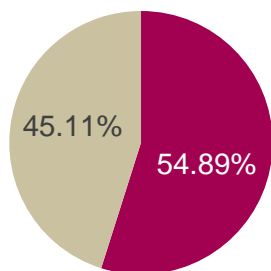
The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate the performance of the Nigerian equity market; rather, it has a primary objective to deliver real returns over the long term. investment objective is to provide capital growth.

FUND OBJECTIVE

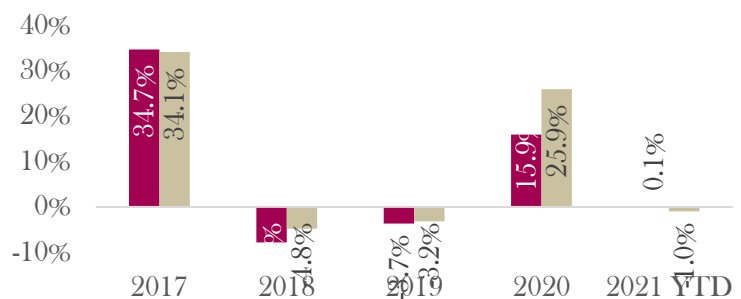
The mix of assets in the Fund is aimed at providing long term capital growth opportunities for investors with a high risk tolerance.

KEY FACTS

Launch Date	January 1995
Size of Fund	N4.13 Billion
Memorandum Listings	April 2002
Initial Investment Amount	N10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of NSE ASI and FMAN 91-day Average T-Bill rate.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Custodian	First Registrars Ltd.
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Equities ■ Fixed Income



■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	RELATIVE WEIGHTING
Financial Services	31%	17%	Overweight
Consumer Goods	19%	12%	Overweight
Telecommunications	18%	34%	Underweight

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ARM ETHICAL FUND

FUND STRUCTURE

The ARM Ethical Fund is an open-ended fund designed to enable ethical investors to invest in line with ethical Islamic investment principles the principles of Shari'ah laws will be upheld whilst managing the Fund, specifically the Fund is designed to exclude all forms of "riba or interest" from all its investment operations and prohibits investments in businesses that are inconsistent with Islamic principles, such as gambling, tobacco, alcohol, ammunition, sale or purchase of pork and all forms of adult entertainment. The Fund is structured to have an Advisory Board and an Investment Committee with expertise in shariah investing.

FUND OBJECTIVE

The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

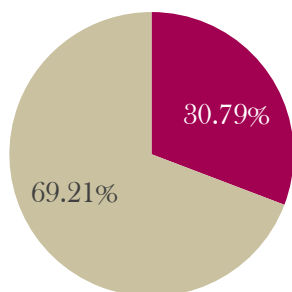
- Wish to achieve long-term capital growth on their investments.
- Have a high investment risk appetite.

KEY FACTS

The ARM Ethical Fund is a Shari'ah compliant open-ended Islamic Fund.

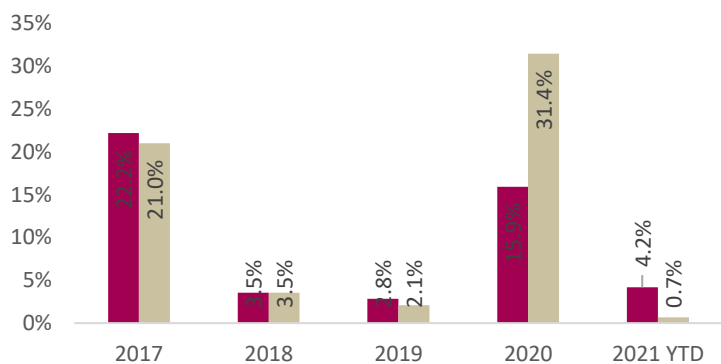
Fund Structure	Open-Ended
Size of Fund	N369 Million
Nominal Value	N20.00/Unit
Initial Investment Amount	N10,000.00
Financial Year End	31 st December
Management Fee	1.5% of NAV
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Trustee	Royal Exchange Plc.
Custodian	First Registrars Ltd.

FUND ASSET ALLOCATION



■ Equities ■ Alternatives

FUND PERFORMANCE



■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	RELATIVE WEIGHTING
Consumer Goods	55%	31%	Overweight
Industrials	31%	36%	Underweight
Agro-Allied	14%	3%	Overweight



ARM FIXED INCOME FUND

FUND STRUCTURE

The ARM Fixed Income Fund is an open-ended fund authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC).

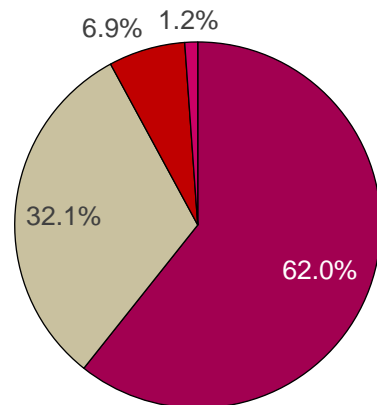
FUND OBJECTIVE

The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

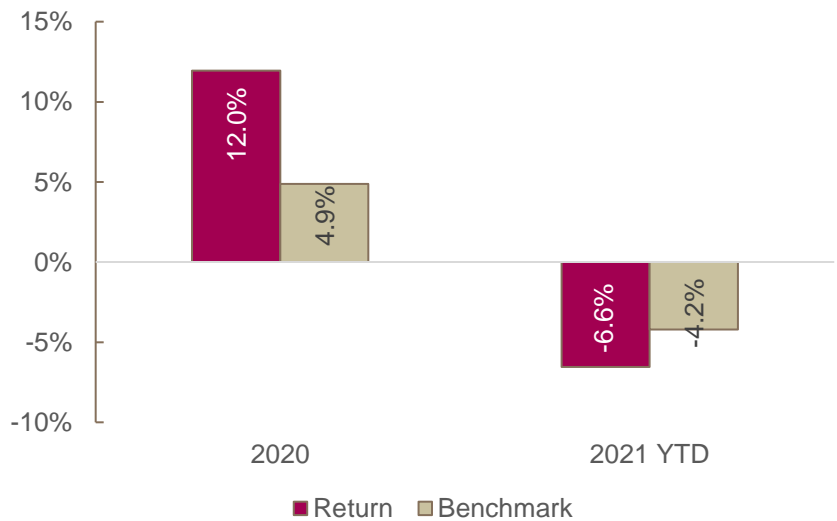
Launch Date	February 2020
Size of Fund	N2.1 Billion
Initial Investment Amount	N5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.

FUND ASSET ALLOCATION

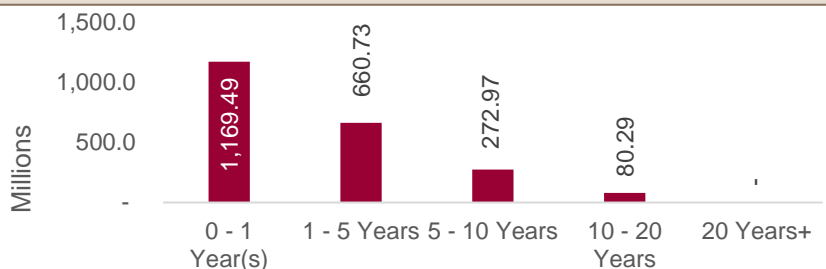


- Short-term instruments
- Corporate Bonds
- FGN Bonds
- Cash

FUND PERFORMANCE



MATURITY PROFILE



FUND DURATION

1.94

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ARM EUROBOND FUND

FUND STRUCTURE

The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).

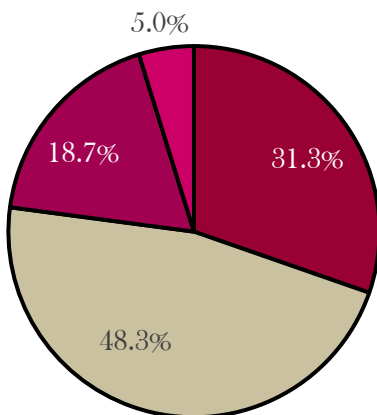
FUND OBJECTIVE

The main objective of the fund is to help investors achieve their long -term investment goals by investing in a broad range of US Dollar denominated instruments and Eurobonds hereby managing reinvestment risk.

KEY FACTS

Launch Date	February 2020
Size of Fund	\$13.8 Million
Initial Investment Amount	\$1,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
Trustee	STL Trustees Ltd.

FUND ASSET ALLOCATION

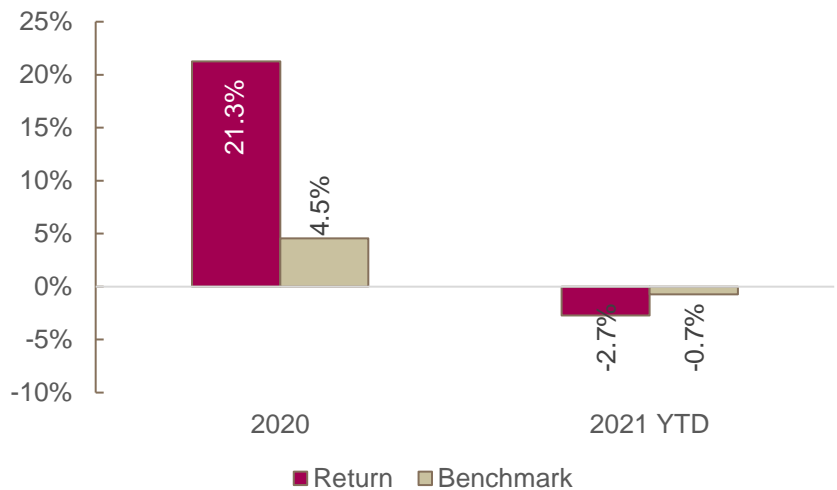


- FGN Eurobonds
- Corporate Eurobonds
- Short-term Instruments
- Cash

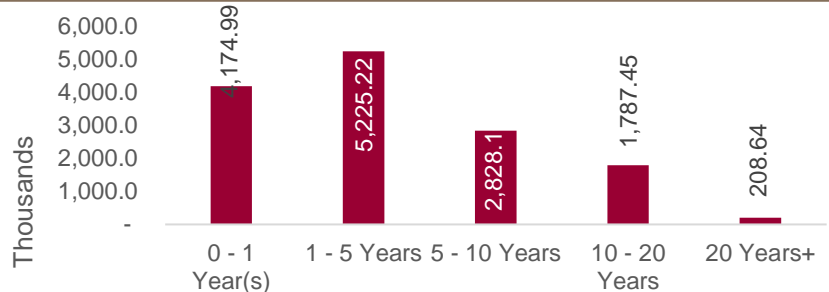
FUND DURATION

3.75

FUND PERFORMANCE



MATURITY PROFILE





ARM MONEY MARKET FUND

FUND STRUCTURE

The ARM Money Market Fund is an open-ended fund, authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by Securities & Exchange Commission (SEC).

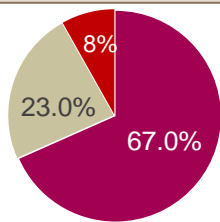
FUND OBJECTIVE

The primary objective of the Fund is to provide a steady stream of income to investors by investing in high-quality short-term money market instruments and government securities, which include; Banker’s acceptances, certificates of deposits, commercial papers, Fixed Deposits with eligible financial institutions; Short term debt securities issued or guaranteed by the Government of Nigeria, Other instruments introduced and approved by the Central Bank of Nigeria (CBN) from time to time, Other money market or fixed income instruments in which the Fund is permitted to invest under the Trust Deed.

KEY FACTS

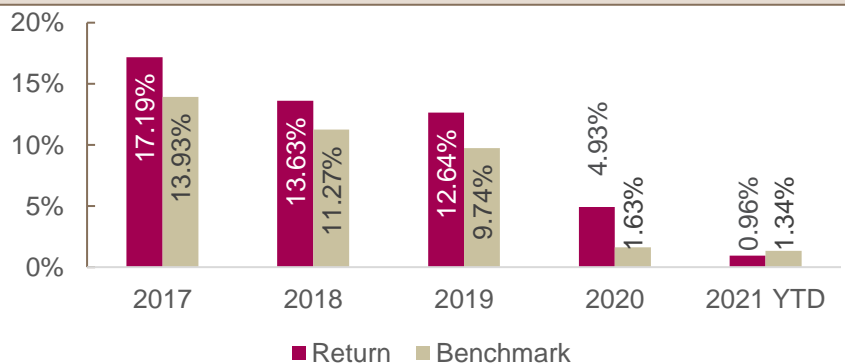
Launch Date	March 2013
Size of Fund	N68 Billion
Initial Investment Amount	N1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.

FUND ASSET ALLOCATION



- Short-term Instruments
- Government Securities
- Commercial Papers

FUND PERFORMANCE



OUTLOOK

GLOBAL MARKETS

Looking forward, investors will digest the arrival of the \$1.9 trillion “American Rescue Plan” stimulus bill, amidst a concerning rise in yields – fuelled by both a rise in growth expectations and inflationary pressures due to government spending. In the UK, talks of additional fiscal stimulus to the tune of GBP 65 billion in the short term will be faced with a 32% hike in corporate taxes in the future. However, in the long term, it is worth noting that the fiscal stimulus, coupled with widespread immunization and pent-up savings, should boost economic recovery, with an increase in consumption and real GDP growth.

DOMESTIC EQUITY

Market sentiment is likely to be largely bearish as investors take a cue from the direction of fixed income yields. Market activity is also expected to be dominated by speculative retail investors as institutional investors remain on the sidelines while FPI activity is expected to remain largely muted due to continued FX illiquidity and concerning inflation levels. Nonetheless, better than expected economic growth and first quarter earnings result could spur renewed optimism in the market in the medium term.

FIXED INCOME

With CRR debits and OMO proving effective in liquidity control, lower system liquidity and maturity profile build the case for increased yields. Supporting this case is the rising inflation rate, which continues to mount upward pressure on yields, to moderate the growing negative real rate of return. However, reduced supply possibly coming from the FG securing significant funding from alternative sources e.g Eurobond market, bilateral sources, alongside unprecedented monetary policies may restrain the rising yields.

MONEY MARKET

The relatively stable system liquidity alongside the FG’s position to borrow more during the year, supports the case for higher rates, aimed at attracting investors to purchase government securities. However, higher demand from investors looking to position themselves towards the short end of the tenor curve to minimize duration risk, may pose a downside to this expectation.