



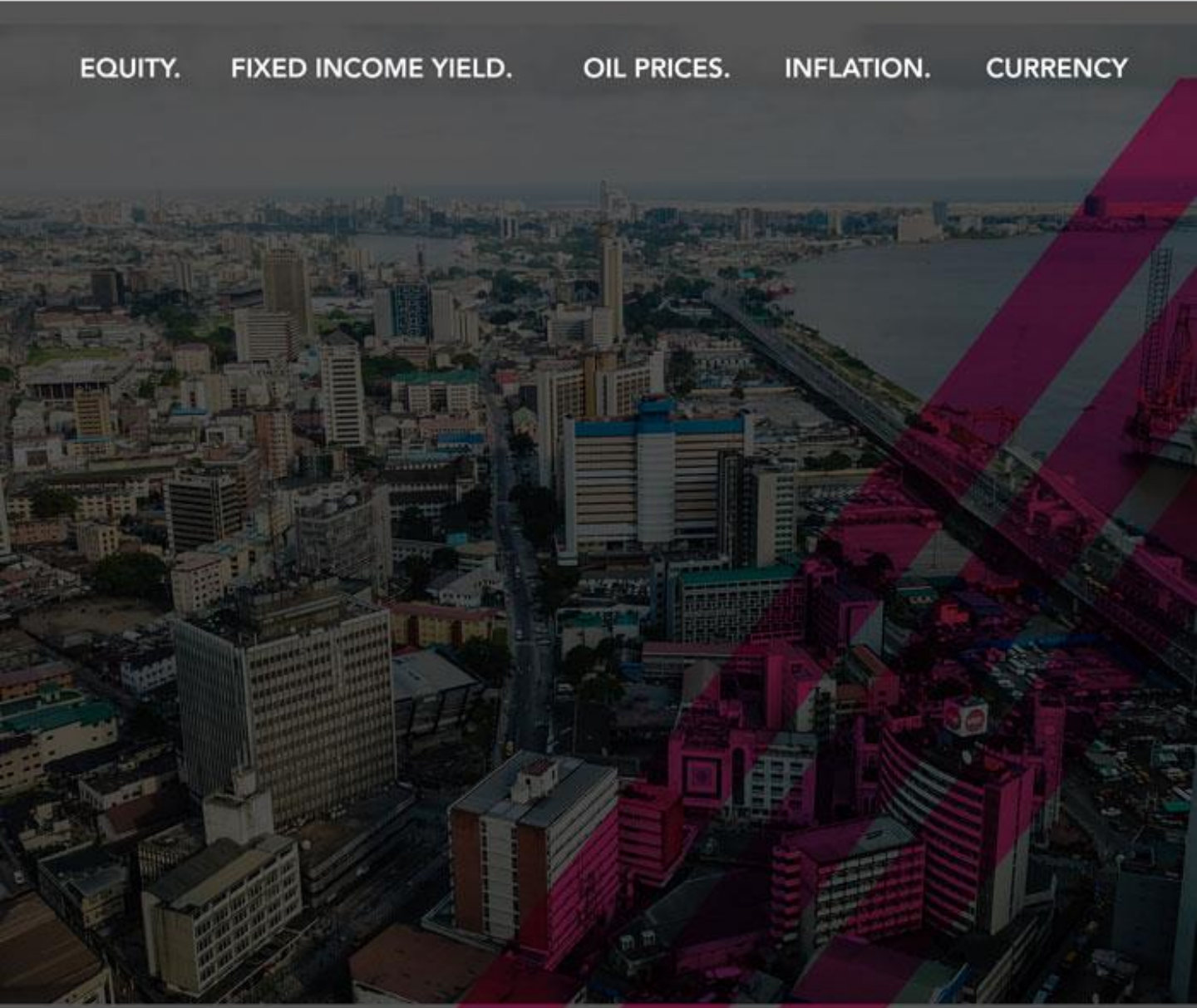
EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY



Mutual Funds Factsheet

July 2021

GLOBAL

- Global economic recovery continued in July on the back of steady progress in vaccine rollout and the easing of restrictions on activity in major developed markets. However, the spread of the more contagious Delta variant of Covid-19 subdued the optimism on the pace of the global economic recovery marginally.
- The US 10-year Treasury continued its decline in July, falling below 1.2% at some point during the month driven by lower expectations for future economic growth. However, global bonds returned 1.3% for the period. Equities on the other hand took a cue from the bond market even as growth stocks returned 2.9%, benefitting from the decline in yields while value stocks returned 0.7% for the month.
- Overall, the US market led the way with a 2.4% return for the month. However, emerging markets underperformed with a return of -6.7%, impacted by weak performance from China where announcements of tighter regulation for several sectors triggered a sharp decline in stock prices.

DOMESTIC

- Headline inflation declined for the third consecutive month in June to 17.75% y/y. Despite the decline, headline inflation remains at its highest level since February 2017. The moderation was on the back of the 45bps decline in food inflation to 21.83% while core inflation eased by 6bps for the first time this year to 13.09%.
- The moderation in food inflation has primarily been due to base effects as well as the waning pandemic induced shocks. Similarly, core inflation eased on the back of the reduction in prices of Housing, Water, Electricity, Gas and other fuels index.
- The CBN's Monetary Policy Committee held its 137th meeting in July wherein, it resolved to hold the monetary policy rate and all other policy parameters constant to enable the continued permeation of current policy measures in supporting growth and macro-economic stability. In addition, the CBN stated that it would no longer sell foreign exchange and issue new licenses to Bureau De Change operators. The aim of the move by the apex bank is to reign in speculative demand and ensure genuine demands are met.

FINANCIAL MARKET UPDATE

EQUITIES

- The NGX ASI took a different turn after two consecutive months of recording losses to close the month in the positive territory. The market recorded a performance of +1.69% in July while the year-to-date performance remains in a loss of -4.28%.
- The bourse was largely dominated by domestic investors with the foreign players largely on the sidelines. Market activity picked up during the month as investors reacted to the impressive half year financial results released within the month.
- July's Performance was driven by gains in the Oil & Gas (+20.40%), Industrial goods (+4.64%) and Banking (+4.06%) indices despite losses recorded by the Insurance (-2.98%) and Consumer goods (-0.54%) indices, respectively.
- Specifically, the market's performance was on the back of gains in Dangcem (+12.26%), Seplat (+11.59%), Access (+8.24%), Wapco (+7.76%) and Zenith (+2.72%)

FIXED INCOME

- The fixed income market maintained bullish sentiments in July. The money market rate indicators - Open Buy Back (OBB) and Overnight rates declined by 401bps and 399bps to 12.70% and 13.20% respectively, mirroring improved liquidity within the financial system in July. The improved liquidity within the system was on the back of the July 2021 bond maturity estimated at ₦561billion, coupons and maturities from NTB and OMO instruments within the month.
- In the treasury bills market, subscriptions remained strong at the NTB auctions held during the month, as stop rates on the 364-day paper declined 120bps to close at 8.20%. However, at the secondary market, average rate on treasury bills increased by 10bps to 6.63% driven by c.50bps increase in yields at the short to mid point of the curve as some investors sought to exit positions.
- In the FGN Bond market, average yields at the secondary market declined by 46bps to 11.65% as demand rose for the instruments. At the monthly bond auction, the DMO introduced two new bond maturities 2028 and 2036 which closed at 12.35% and 13.15% respectively. However, stop rates on the 2050 maturity declined by 45bps to 13.25%. Subscriptions at the auction was strong at 1.91x the offer size..

FUND STRUCTURE

The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% 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.

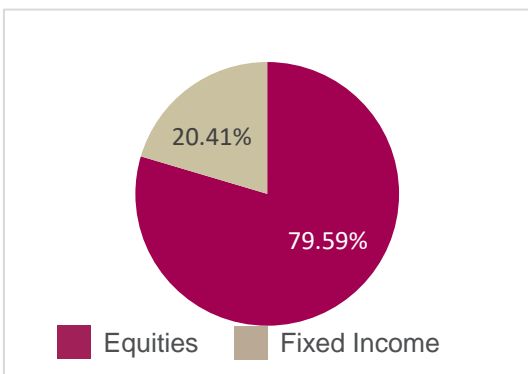
FUND OBJECTIVE

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

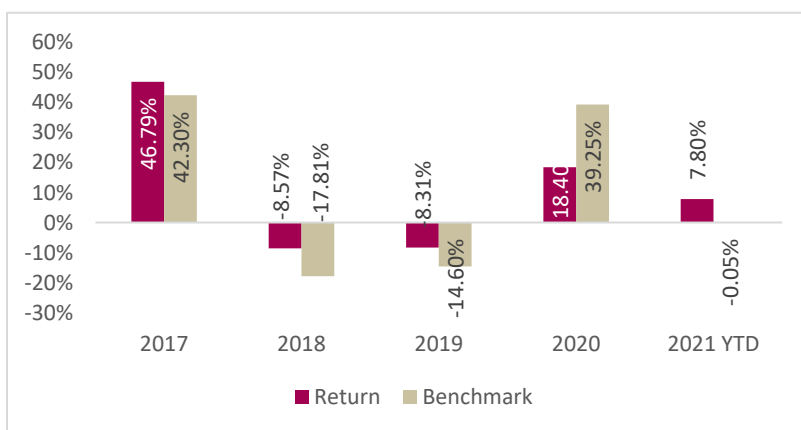
KEY FACTS

Launch Date	April 2014
Size of Fund	N2.64 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	Rand Merchant Bank Limited
Risk Profile	High
Relative Return	7.85%
Equity Beta	0.96

FUND ASSET ALLOCATION



FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Banking	24%	Overweight
Consumer Goods	18%	Overweight
Industrials	17%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	14%	Underweight
NESTLE	13%	Overweight
MTNN	11%	Underweight

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 competitive returns over the long term.

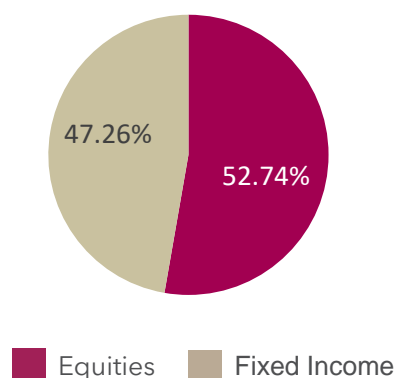
FUND OBJECTIVE

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

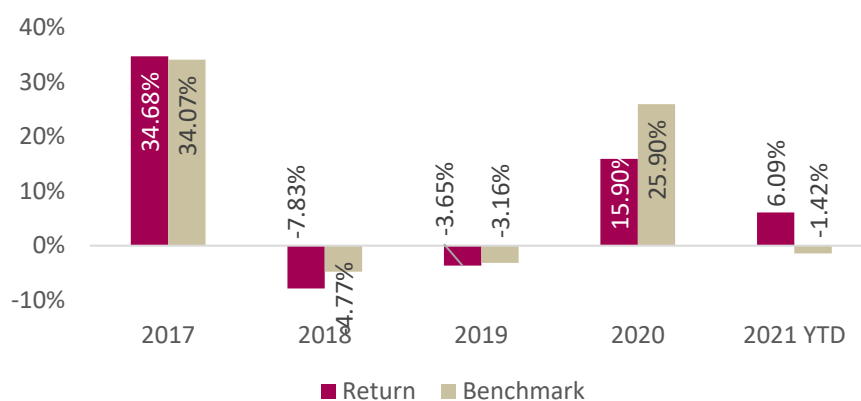
KEY FACTS

Launch Date	January 1995
Size of Fund	N4.42 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	Rand Merchant Bank Limited
Risk Profile	Medium
Relative Return	7.51%
Equity Beta	0.95

FUND ASSET ALLOCATION



FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Banking	26%	Overweight
Consumer Goods	24%	Overweight
Industrials	20%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTN	14%	Underweight
DANGCEM	13%	Underweight
NESTLE	12%	Overweight

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:

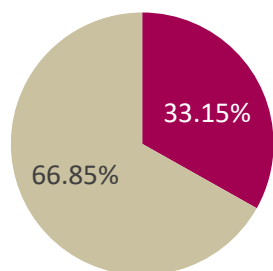
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

KEY FACTS

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

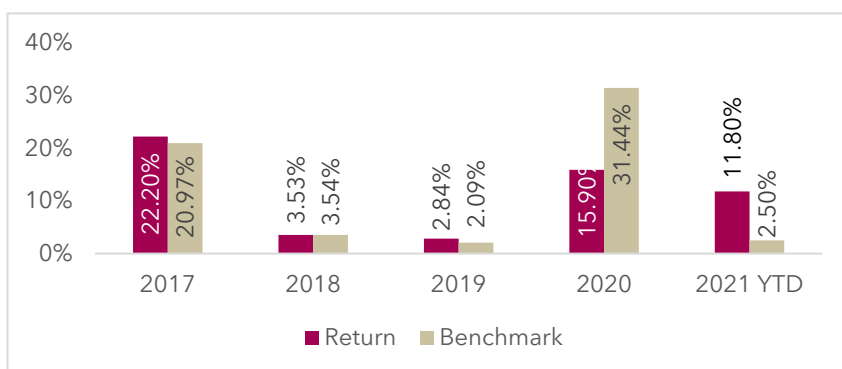
Fund Structure	Open-Ended
Size of Fund	N436 Million
Nominal Value	N20.00/Unit
Initial Investment Amount	N10,000.00
Financial Year End	31 st December
Management Fee	1.5% of NAV
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Trustee	Royal Exchange Plc.
Custodian	Rand Merchant Bank
Risk Profile	Medium
Relative Return	9.30%
Equity Beta	0.92

FUND ASSET ALLOCATION



■ Equities ■ Alternatives

FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	47%	Overweight
Industrials	40%	Overweight
Agro Allied	13%	Overweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	22%	Overweight
NESTLE	21%	Underweight
OKOMUOIL	13%	Overweight

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FUND STRUCTURE

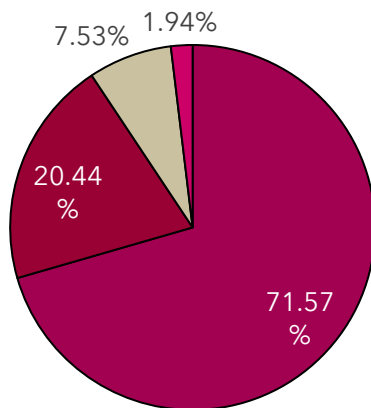
The ARM Fixed Income Fund is an open-ended fund authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond instruments.

FUND OBJECTIVE

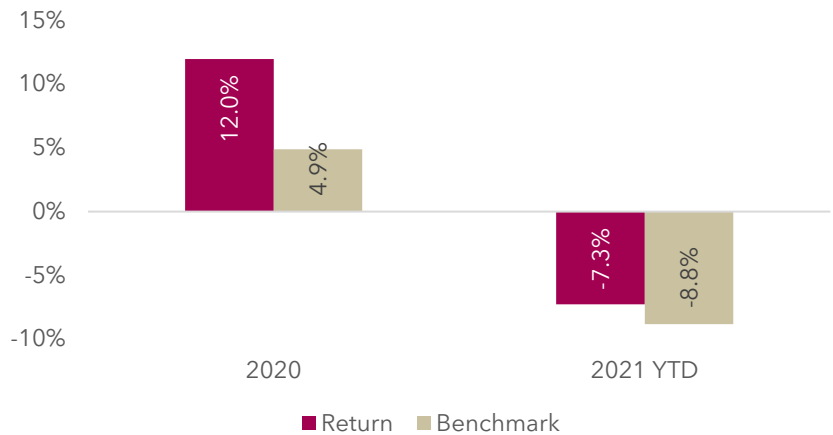
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

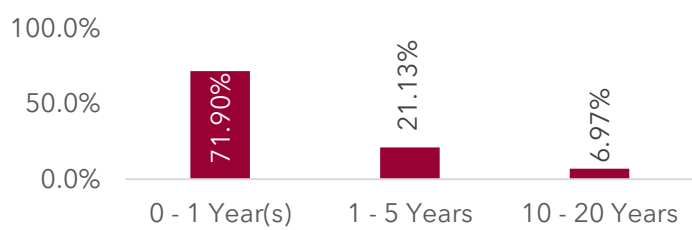
Launch Date	February 2020
Size of Fund	N1.82 Billion
Initial Investment Amount	N5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 0-5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium
FUND ASSET ALLOCATION	FUND PERFORMANCE



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



MATURITY PROFILE



Fund Duration	1.08
Holding Yield	10.23%
Relative Return	+1.56%

FUND STRUCTURE

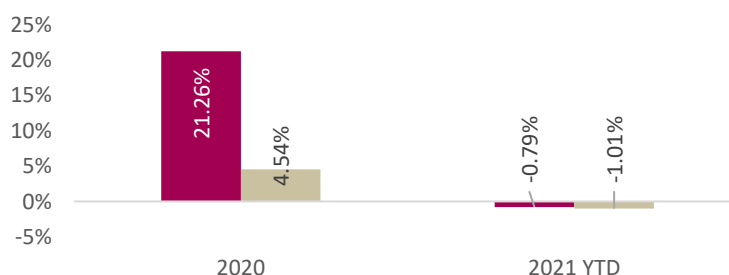
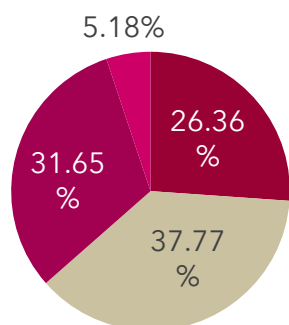
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond instruments.

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 hereby managing local currency devaluation risk.

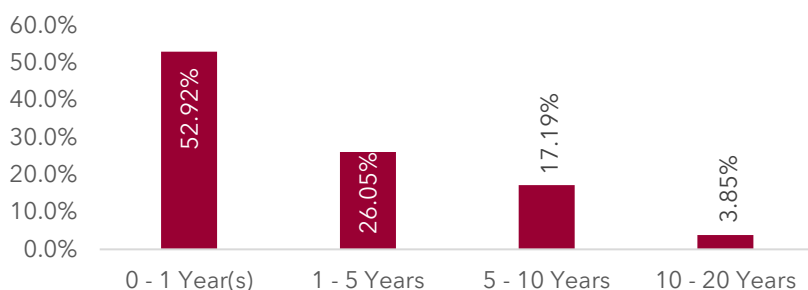
KEY FACTS

Launch Date	February 2020
Size of Fund	\$15.0 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.
Risk Profile	Medium
Custodian	Rand Merchant Bank
FUND ASSET ALLOCATION	FUND PERFORMANCE



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

MATURITY PROFILE



Fund Duration	2.16
Holding Yield	4.80%
Relative Return	+0.21%

FUND STRUCTURE

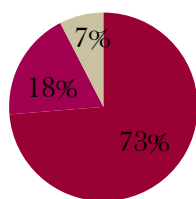
The ARM Money Market Fund is an open-ended fund, authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by Securities & Exchange Commission (SEC).

FUND OBJECTIVE

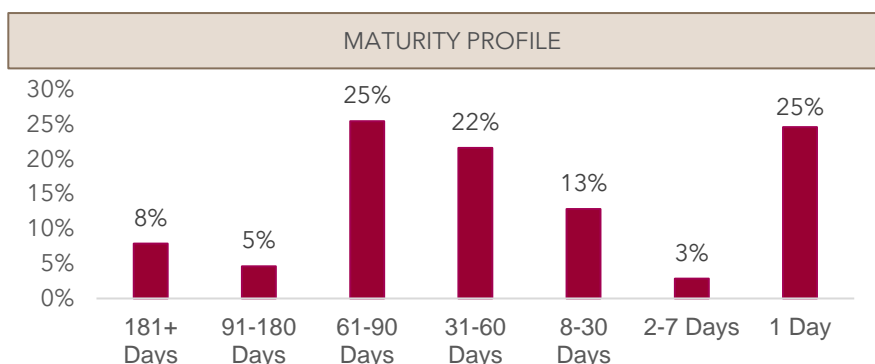
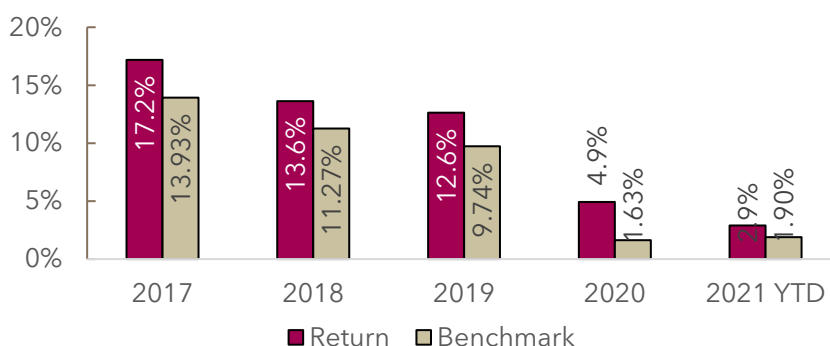
The primary objective of the Fund is to provide a steady stream of income to investors by investing in high-quality short-term money market instruments and government securities, which include; Banker's acceptances, certificates of deposits, commercial papers, Fixed Deposits with eligible financial institutions; 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	N53 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	FUND PERFORMANCE



- Short-term Instruments
- Government Securities
- Commercial Papers



GLOBAL MARKETS

With the expectation of continued global economic recovery and more economies easing restrictions in the coming months, we see the recent spread of delta variant posing a major risk and potentially slowing the trajectory of expected recovery. Nonetheless, governments are likely to speed up the inoculation of citizens to reduce the spread of the variant and disruptions to economies.

A couple of factors such as US President Biden's proposed infrastructure spending bill and FED's policy reaction to rising inflation will likely determine the trajectory of the bond yields in the coming months. Stocks on the other hand remain near record highs on the back of stronger earnings and declining yields. However, further escalation of the delta variant could result in sell-offs

DOMESTIC MARKETS

EQUITY

In the coming month, we expect market to trade sideways, with pockets of investors reacting positively to companies (especially banks) set to release their audited half year financial result in August and likely declare interim dividends. However, we expect the retail players to dominate activity in the bourse as investors remain cautious whilst taking a cue from the direction of fixed income yields.

FIXED INCOME

Financial system liquidity is expected to moderate in the near term, overlaid with marginally improved demand thereby keeping yields range bound in the near term. However, as inflation remains elevated, with continuous supply from FG, coupled with lower maturity profile, the demand seen in July is expected to dissipate, consequently leading to improved yield level as we move into the rest of the year.

MONEY MARKET

Money market rates declined across the curve in July contrary to elevated rates seen in the past month. This was as a result of improved system liquidity during the month, increased demand from local investors for government securities and limited investment options available to mop up excess liquidity.

Going into the new month, we expect rates to stay relatively stable. This stems from the likely weak demand and uncertainties regarding yield direction which would put most participants on the side-lines. Liquidity is expected to stabilize as NTB and OMO maturities are being rolled over by the CBN.



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