



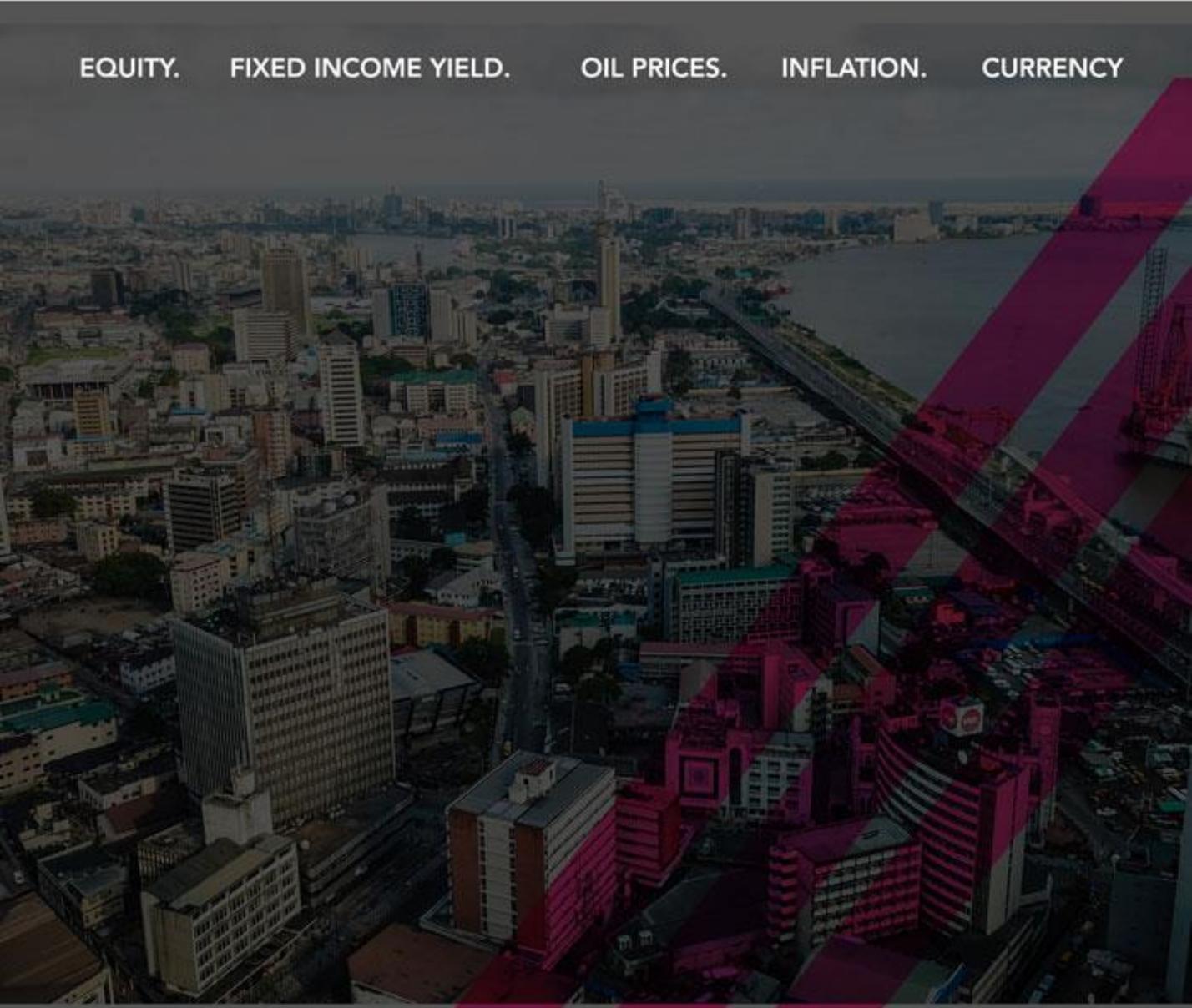
EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY



Mutual Funds Factsheet

May 2021

GLOBAL

- All eyes were on economic data as investors focused on economic growth potential and inflation numbers. The US Purchasing Managers' Index (PMI) for manufacturing and services beat expectations in May, rising to their highest levels on record. While consumer demand remains sky-high, businesses are still facing rising input costs as headwinds. Headline inflation rose to 4.2% YoY for April (+0.8% m/m), well above consensus expectations. The shock headline inflation numbers have strengthened calls for a tapering of bond purchases and a rise in rates, however the Federal Reserve still suggests that there are temporary factors at play.
- While economic data was strong, the markets were slightly muted to the news, particularly due to concerns over more persistent inflation, which may force the hands of central banks. Expectations of stronger economic growth and inflation led Value stocks (+3.0%) to outperform Growth (-0.1%). Coinciding with the decline of the US Dollar (-3.46% QTD) in Q2, Emerging Market Equities (+2.3%) staged their comeback in May. In the Fixed Income Space, EM Debt (+1.1%) has fared similarly, while Global Inflation-Linked bonds (+3.0%) were unsurprisingly the best performers over the month.

DOMESTIC

- In line with the global economy, Nigeria's GDP grew 0.51% YoY in Q1-21. Despite the strong surge in demand for crude oil, Nigeria's Oil GDP (-2.21%) continued its contraction trend for the fourth consecutive quarter. Average crude oil production rose to 1.72mbpd (+10.25% QoQ) but remains well below the average five-year rate of 1.88mbpd. Non-Oil production rose 0.79% YoY in Q1, driven by growth in ICT (+6.3%), Manufacturing (+3.4%) and Agriculture (+2.28%). Transportation & Storage (-21.8%) was a notable detractor for the fourth consecutive quarter.
- Headline inflation rose by 18.12% in April. The rate of inflation declined by 5bps for the first time since August 2019; a positive change considering consensus expectations for moderation in 2021. However, inflation levels remain at high levels not previously seen since Q4-16. Core inflation (+7bps) continued its rise to 12.74%, however Food Inflation (-23bps), the primary contributor to the rise in Headline inflation, declined to 22.72%. Inflationary pressures has been attributed to the border closures, supply chain issues, dollar illiquidity, transportation costs and general insecurity.

FINANCIAL MARKET UPDATE

EQUITIES

- The NSE ASI returned to its bearish bias in May, contracting -3.52% over the month. Despite the decline over the month, the Oil & Gas sector was a strong outperformer, with the Oil & Gas Index returning 14.9% in May, and 36.7% QTD. Industrial Goods, however, was a notable detractor, contracting 4.5%.
- The Oil & Gas Index's positive performance was supported by strong gains from SEPLAT (+20.7%), while other small-cap names in the space, such as Eterna PLC (+26.7%) faced higher demand.
- The market's negative performance was driven primarily by losses in some names in the Telecoms and Industrials sectors such as, Airtel Africa (-10.0%) and MTNN (-7.1%), BUACEMENT (-5.0%) and DANGCEM (-2.1%). Excluding SEPLAT as the top performer, the top performers were in the banking space, with ACCESS (+12.3%), UBN (+21.4%) and ZENITHBANK (+3.4%) countering the bourse's negative bias.

FIXED INCOME

- The bearish sentiment in the market continued in May as the average yield rose 55bps last month to 12.39%. However, the yield curve in the secondary market was slightly inverted over the month, with short-term rates rising faster while long-term rates are seemingly stabilizing. The average long-term yield rose 49bps to 14.03%, but investors have been cherry-picking across the curve as of late, with the 2045 bond's yield declining 36bps to 13.78% with increased demand.
- Over the two NTB primary auctions held in May, the average stop rate experienced a moderation in the year's trending rise in rates; rising by 27.5bps to 5.23% over the month. Demand has steadily risen, with the average subscription rate for the quarter at 2.93x, up from 1.65x in Q1. Demand has been highest for the 364-day T-bill, particularly at the May 26th auction, leading to a 10bps drop in the 364 day stop rate - for the first time in 2021 - to 9.65%.
- At the FGN Bond Primary Auction in May, the 2027, 2035 and 2049 bonds were re-opened, with the average stop rate closing 62bps higher at 13.77%. The 2035 and 2045 bonds crossed above 14% yield levels, closing at 14.0% and 14.2%, respectively. The 2027 FGN Bond faced the highest rise at the auction, rising 85bps to 13.1%.

FUND STRUCTURE

The ARM Aggressive Growth Fund is an open-ended investment vehicle 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.

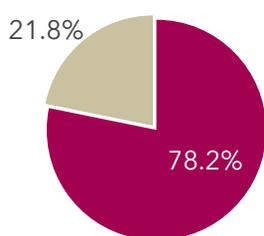
FUND OBJECTIVE

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

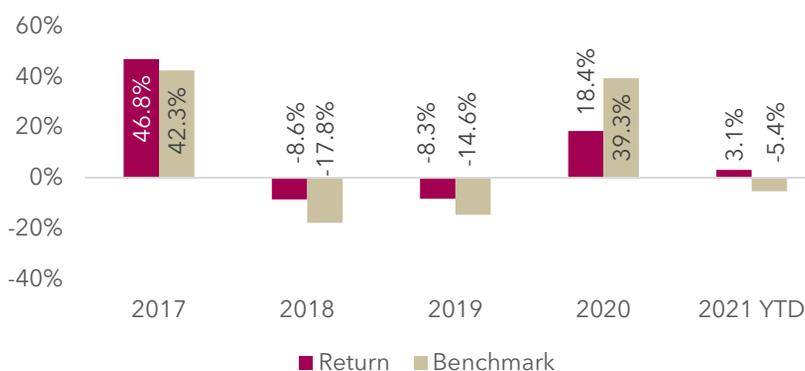
Launch Date	April 2014
Size of Fund	N2.62 Billion
Memorandum Listings	2008
Initial Investment Amount	N50,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Nigerian Stock Exchange 30 Index (NGSE30)
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Custodian	First Registrars Ltd.
Risk Profile	High
Relative Return	8.41%
Equity Beta	0.82

FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Banking	29%	Overweight
Consumer Goods	22%	Overweight
Industrials	19%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
NESTLE	12%	Overweight
DANGCEM	12%	Underweight
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 real returns over the long term. investment objective is to provide capital growth.

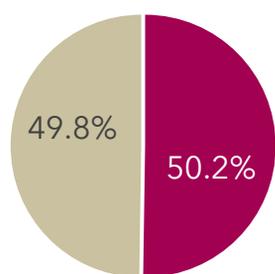
FUND OBJECTIVE

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

KEY FACTS

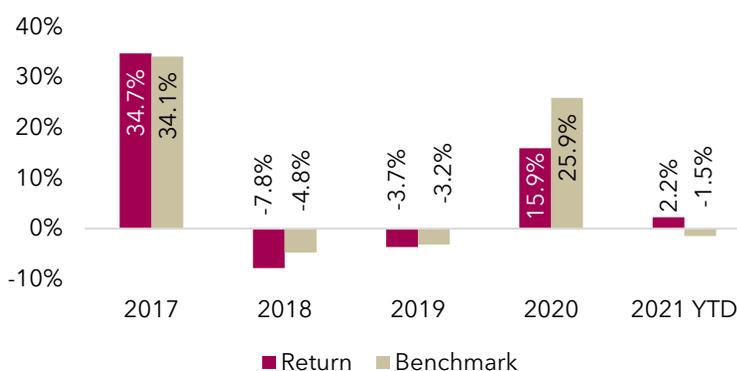
Launch Date	January 1995
Size of Fund	N4.28 Billion
Memorandum Listings	April 2002
Initial Investment Amount	N10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of NSE ASI and FMAN 91-day Average T-Bill rate.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Custodian	First Registrars Ltd.
Risk Profile	Medium
Relative Return	3.72%
Equity Beta	0.84

FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Banking	29%	Overweight
Consumer Goods	20%	Overweight
Telecoms	19%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTN	15%	Underweight
Dangcem	12%	Underweight
Nestle	11%	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:

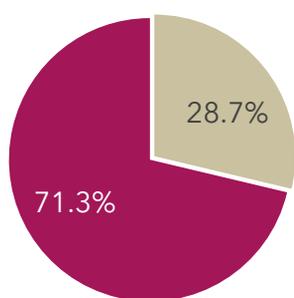
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

KEY FACTS

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

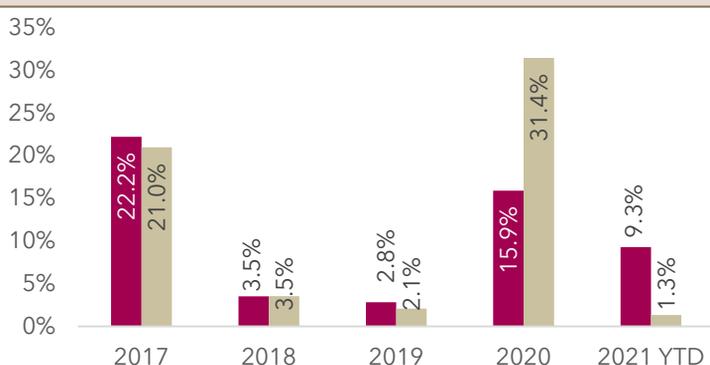
Fund Structure	Open-Ended
Size of Fund	N410 Million
Nominal Value	N20.00/Unit
Initial Investment Amount	N10,000.00
Financial Year End	31 st December
Management Fee	1.5% of NAV
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Trustee	Royal Exchange Plc.
Custodian	First Registrars Ltd.
Risk Profile	Medium
Relative Return	7.96%
Equity Beta	0.64

FUND ASSET ALLOCATION



■ Alternatives ■ Equities

FUND PERFORMANCE



■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	55%	Overweight
Industrials	30%	Underweight
Agro Allied	15%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
NESTLE	24%	Overweight
DANGCEM	23%	Overweight
OKOMUOIL	14%	Overweight

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).

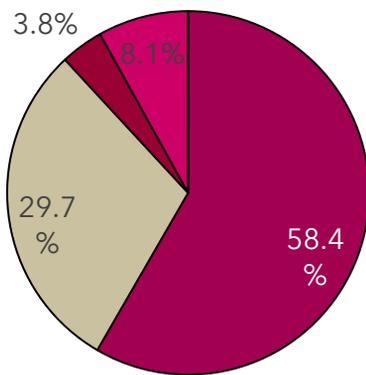
FUND OBJECTIVE

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

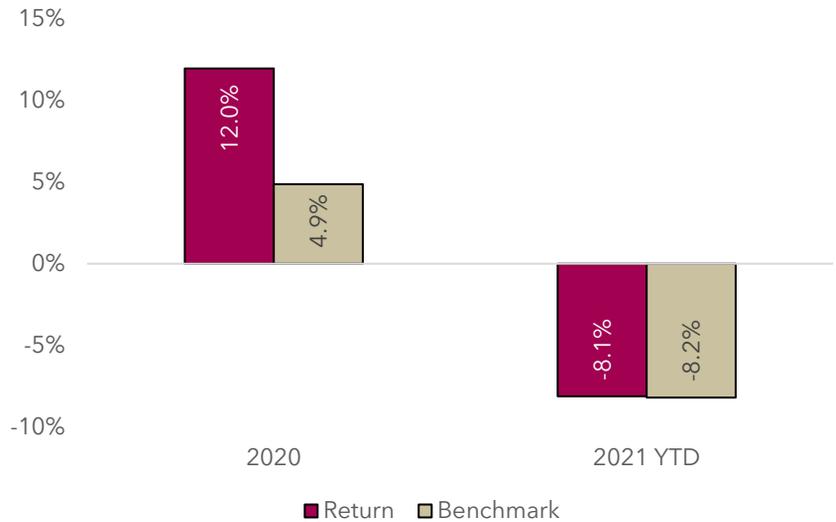
Launch Date	February 2020
Size of Fund	N1.93 Billion
Initial Investment Amount	N5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.

FUND ASSET ALLOCATION



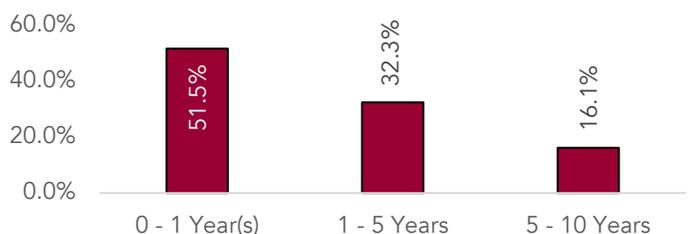
- Short-term instruments
- Corporate Bonds
- FGN Bonds
- Cash

FUND PERFORMANCE



Fund Duration	1.36
Risk Profile	Medium
Holding Yield	8.86%
Relative Return	+0.1%

MATURITY PROFILE



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

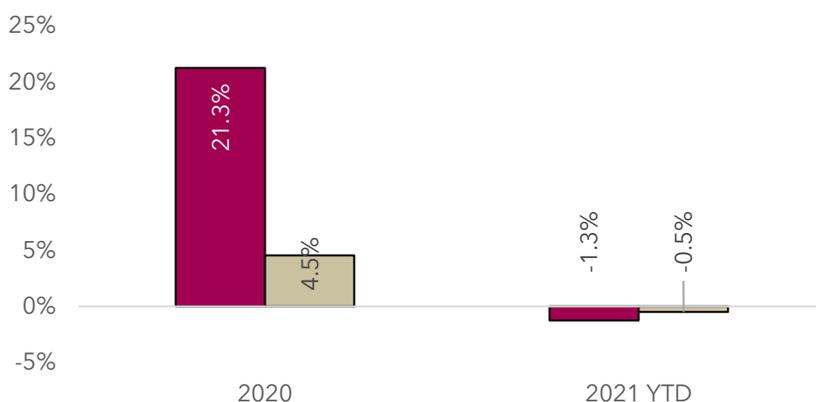
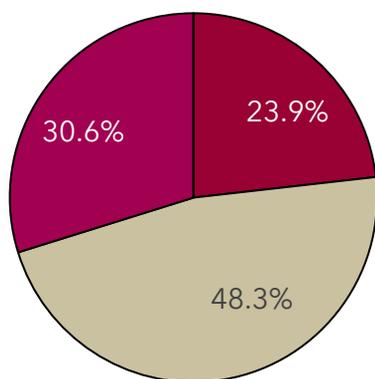
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and Eurobonds hereby managing reinvestment risk.

KEY FACTS

Launch Date	February 2020
Size of Fund	\$13.2 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

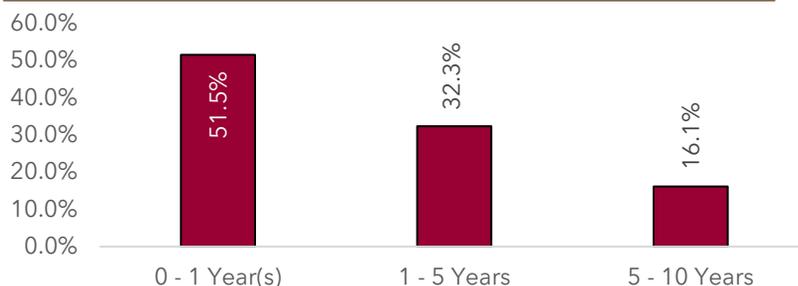
FUND PERFORMANCE



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

Fund Duration	2.43
Risk Profile	Medium
Holding Yield	5.52%
Relative Return	-0.8%

MATURITY PROFILE



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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).

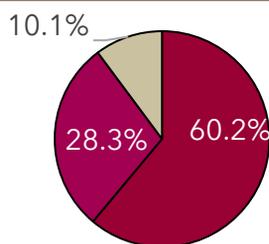
FUND OBJECTIVE

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

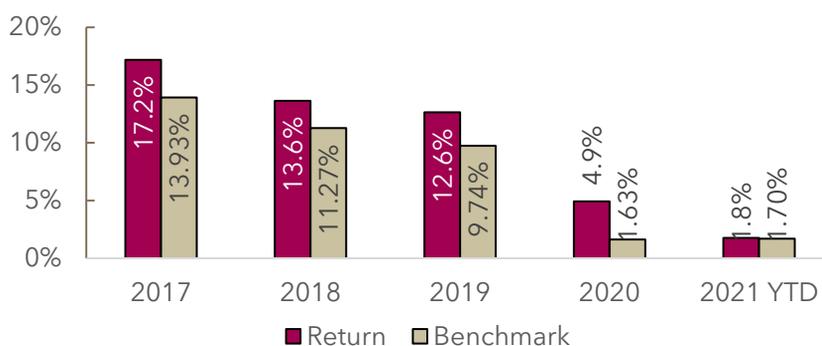
Launch Date	March 2013
Size of Fund	N57 Billion
Initial Investment Amount	N1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.

FUND ASSET ALLOCATION

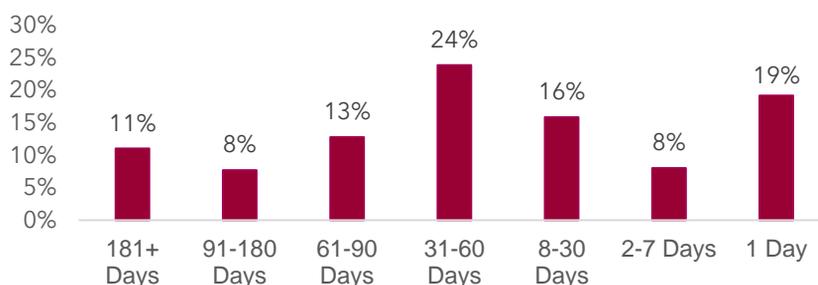


- Short-term Instruments
- Government Securities
- Commercial Papers

FUND PERFORMANCE



MATURITY PROFILE



GLOBAL MARKETS

With global growth becoming more synchronized as the global vaccine rollout continues and with the ongoing output gaps, there is still ample room for a strong economic recovery. Investors have to weigh their economic growth hopes with near-term inflation pressures. The primary concern is in determining whether central banks will be forced to raise rates earlier than expected to curb an overheating economy. Strong economic growth is expected, but the timing of narrowing output gaps remain a topic of conversation.

Historically, in periods where inflation has been rising within expectations, risk assets – cyclical and real asset (i.e., commodities, real estate) returns with high sensitivity to macroeconomic factors have done well. However, with inflation rising well above expectations, core equities may face some headwinds, as was evidenced in May. However, the outlook is that the rise in global inflation is transitory and, despite near-term volatility, remaining in cash-equivalent assets may not be beneficial.

DOMESTIC EQUITY

We expect market to continue to trade sideways following the absence of any major catalyst to boost positive investor sentiments. Market activity is likely to remain dominated by retail speculative investors whilst the institutional investors remain largely on the sidelines. However, in the event of a slight moderation in fixed income yields following aggressive purchases, we may see renewed focus in the market by investors.

FIXED INCOME

Bearish sentiment is expected to persist as the FG continues to plug the deficit, maturity tapers thereby tightening liquidity, and inflation rate remains high, supporting demand for higher yields on fixed income instruments. Despite this expectation, some buy interest may be seen as yield levels become attractive especially on the mid to long end of the yield curve particularly if the fundamentals supporting further increases in yield stabilizes or subsides.

MONEY MARKET

Rates remained elevated in the past month as system liquidity remained relatively tight. However, rates are expected to continue at current levels with a likelihood of increasing though marginally. With market liquidity being tightened and demand sustained, we expect the FG to offer higher rates, aimed at attracting investors to purchase government securities as they continue to borrow.



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