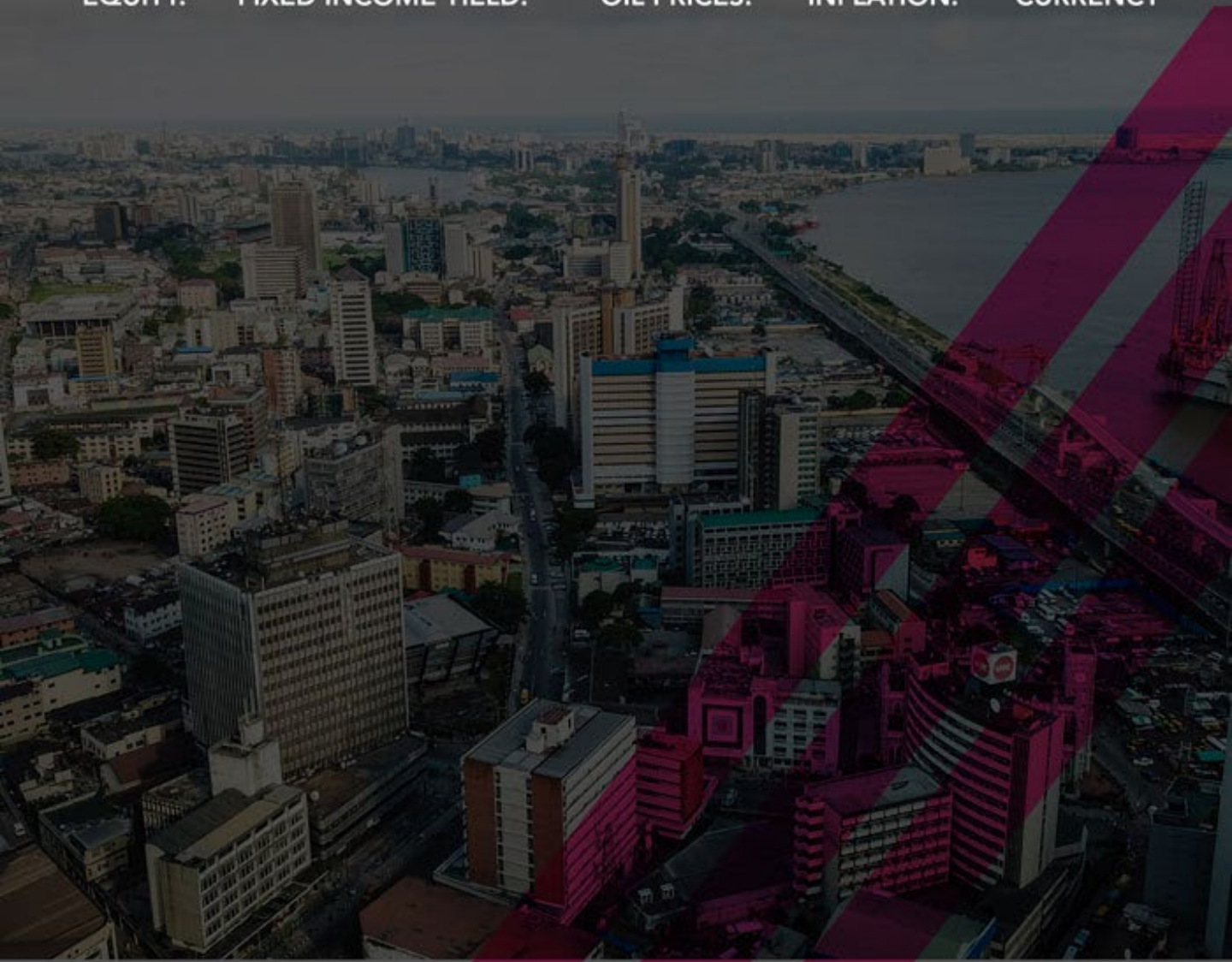




EQUITY. FIXED INCOME YIELD. OIL PRICES. INFLATION. CURRENCY



# Mutual Funds Factsheet

## February 2022

## GLOBAL

- The conflict between Russia and Ukraine took center stage during the month, leading to uncertainties around growth expectations of economies, thereby dampening anticipations of rate hikes by global monetary policy authorities amidst eminent inflationary pressures.
- The economic impact of the conflict began to reflect on commodity prices early, with Russia being a significant exporter of commodities - (accounting for 13% of global crude oil production, 17% of natural gas production and about one tenth of global wheat supplies. For context, Brent crude oil reached a 7-year high, crossing the \$100 per barrel mark while European natural gas prices rose 15% during the month, thus exacerbating inflationary worries.
- Equity and Fixed income markets were volatile during the month, largely impacted by the geopolitical tensions. Growth stocks declined by 3.5% while Value stocks outperformed despite a decline of 1.6%. Also, developed market equities declined 2.5% outperforming their emerging market counterparts that declined 3%. On the fixed income front, US treasuries declined by 0.7% as investors sold off equities and rotated funds to low risk fixed income securities.

## DOMESTIC

- According to the National Bureau of Statistics, the fourth quarter GDP printed at 3.98% y/y indicating the fifth consecutive quarter of growth for the Nigerian economy. The growth was on the back of the 4.73% y/y expansion recorded in the non-oil sector underpinned by growth in sub-sectors such as Agriculture, trade and services. However, the oil sector remained in a contraction for the seventh consecutive quarter recording a decline of -8.06% y/y due to technical and operational problems resulting in lower oil production.
- Headline inflation opened the year lower, moderating marginally by 3-basis point to 15.60% y/y as a result of high base effects. The moderation was mainly on the back of the 24-basis point decline in food inflation to 17.13% y/y reflective of the waning demand spurred by year end festivities. However, core inflation remained flat at 13.87% y/y.
- The Stanbic IBTC Nigeria PMI rose to 57.3 in February from 53.7 the previous month, indicating the strongest expansion in private sector activity since November 2019. This improvement was as a result of quicker expansions in output, new orders, employment and purchases.

# FINANCIAL MARKET UPDATE

## EQUITIES

- The equities market maintained an upward trend for the second consecutive month albeit at a slower pace. The market recorded a gain of +1.65% for the month of February, whilst the quarter to date and year to date returns both stood at +10.95%.
- The audited financial results released during the month especially the results of the commercial banks and the relatively attractive dividends declared spurred some bullish sentiments in the markets. Also, stocks in the oil and gas sector recorded gains in reaction to the rally in energy prices sparked off by the tension between Russia and Ukraine.
- Notably, market's performance was driven by gains in Seplat (+8.85%), Total (+9.91%), Guinness (+40.06%), Dangcem (+4.95%), Presco (+7.72%) and Conoil (+20.73%) amidst losses in Airtel (-0.87%), Okomu (-4.93%) and BUA Foods (-4.66%).

## FIXED INCOME

- The Fixed Income market was characterized by bullish sentiments during the month, buoyed by high liquidity within the financial system. Reflective of this, the money market indicators - Open Buy Back and Overnight rates declined by 305 basis points and 321 basis points to 6.29% and 6.70% respectively.
- At the primary auction held for Treasury Bills within the month, strong demand persisted, resulting in the auction being 5.23x oversubscribed. Average yield declined by 52 basis points, driven by the decline in yields on the 91-day and 364-day maturities. Similarly, average yield at the secondary market for Treasury Bills declined by 23 basis point to 4.13%.
- Also in the Bonds market, demand was sturdy, as the Bond auction held during the month was oversubscribed by 3.72x, resulting in a 28-basis point decline in average yield. At the secondary market, average yield declined by 16 basis points to 11.01% driven by yield moderation at the short to mid point of the curve.

## 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.

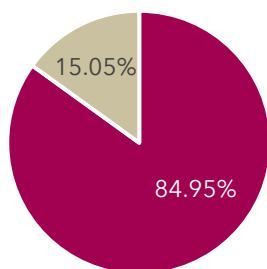
## FUND OBJECTIVE

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

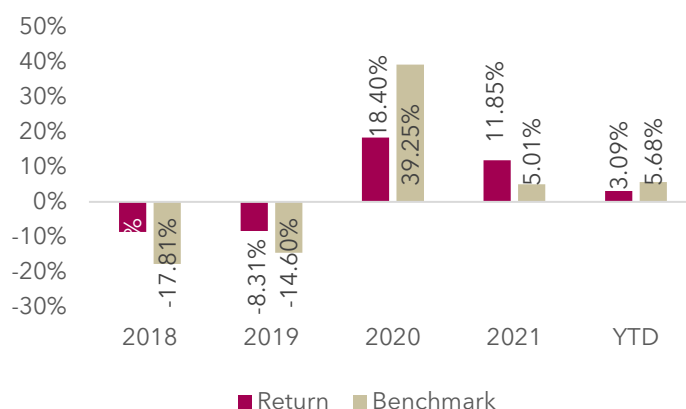
<b>Launch Date</b>	April 2007
<b>Size of Fund</b>	N2.35 Billion
<b>Memorandum Listings</b>	2008
<b>Initial Investment Amount</b>	N50,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Nigerian Stock Exchange 30 Index (NGSE30)
<b>Trustee</b>	First Trustees Nigeria Ltd, a subsidiary of FBN Capital Ltd.
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Risk Profile</b>	High
<b>Relative Return</b>	-2.59%
<b>Equity Beta</b>	0.91

## FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

## FUND PERFORMANCE



■ Return ■ Benchmark

## Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Banking	23%	Overweight
Industrials	20%	Underweight
Consumer Goods	18%	Overweight

## Top 3 Equity Exposures

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

## 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.

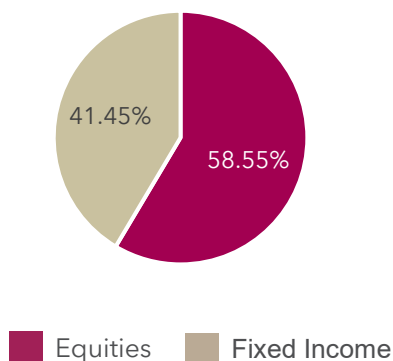
## FUND OBJECTIVE

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

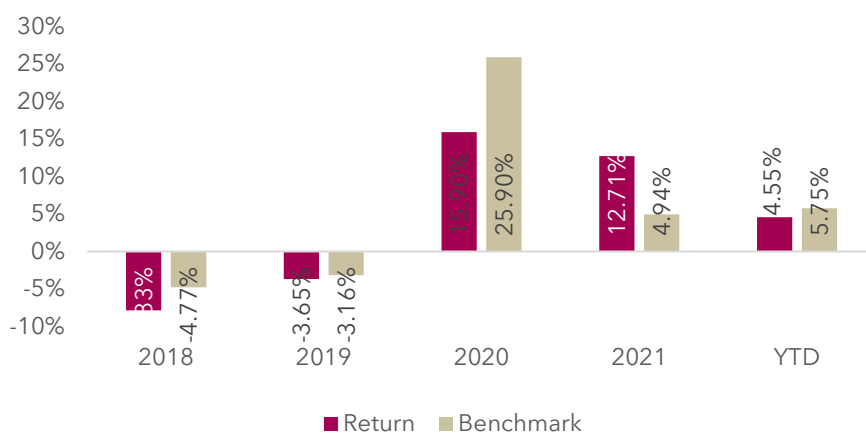
## KEY FACTS

<b>Launch Date</b>	January 1995
<b>Size of Fund</b>	N4.76 Billion
<b>Memorandum Listings</b>	April 2002
<b>Initial Investment Amount</b>	N10,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of NSE ASI and FMAN 91-day Average T-Bill rate.
<b>Trustee</b>	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Risk Profile</b>	Medium
<b>Relative Return</b>	-1.20%
<b>Equity Beta</b>	0.92

## FUND ASSET ALLOCATION



## FUND PERFORMANCE



## Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	16%	Underweight
Banking	14%	Underweight
Industrials	11%	Underweight

## Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	14%	Underweight
AIRTEL	12%	Underweight
DANGCEM	12%	Underweight

## 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:

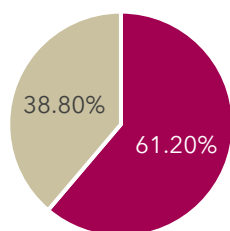
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

## KEY FACTS

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

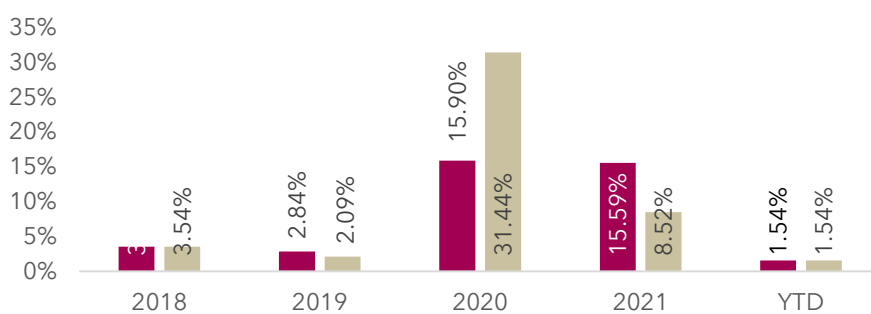
<b>Fund Structure</b>	Open-Ended
<b>Size of Fund</b>	N438 Million
<b>Nominal Value</b>	N20.00/Unit
<b>Initial Investment Amount</b>	N10,000.00
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
<b>Trustee</b>	Royal Exchange Plc.
<b>Custodian</b>	Rand Merchant Bank
<b>Risk Profile</b>	Medium
<b>Relative Return</b>	0.00%
<b>Equity Beta</b>	0.77

## FUND ASSET ALLOCATION



■ Alternatives ■ Equities

## FUND PERFORMANCE



■ Return ■ Benchmark

## Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	17%	Underweight
Industrials	16%	Underweight
Agro Allied	5%	Equalweight

## Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	8%	Underweight
BUACEMENT	7%	Underweight
NESTLE	7%	Underweight

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## FUND STRUCTURE

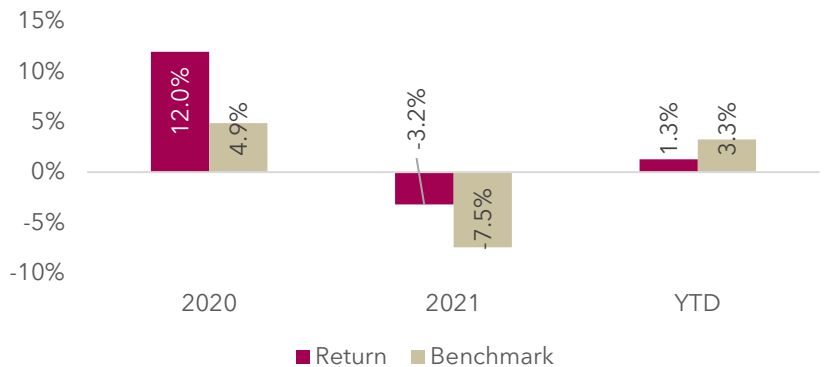
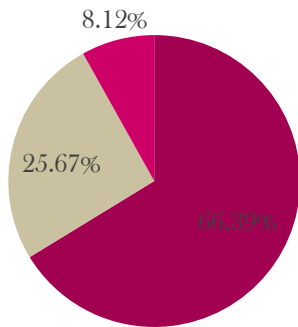
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

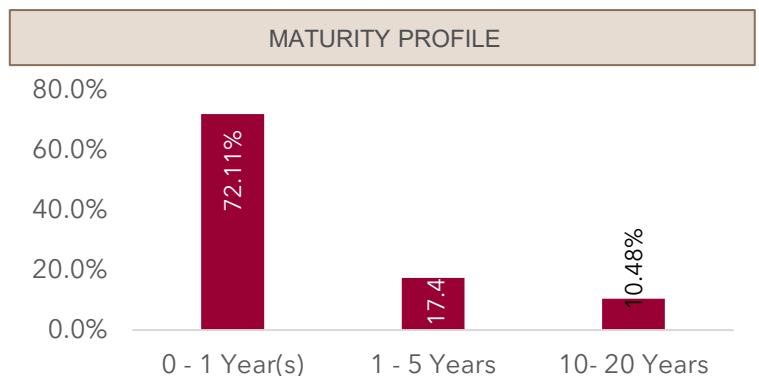
### KEY FACTS

<b>Launch Date</b>	February 2020
<b>Size of Fund</b>	N1.39 Billion
<b>Initial Investment Amount</b>	N5,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of 0-5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
<b>Trustee</b>	STL Trustees Ltd.
<b>Custodian</b>	Rand Merchant Bank
<b>Risk Profile</b>	Medium - High
<b>Relative Return</b>	-1.98%
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



- Short-term instruments
- FGN Bonds
- Cash

Fund Duration	0.80
Holding Yield	7.76%



## 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.

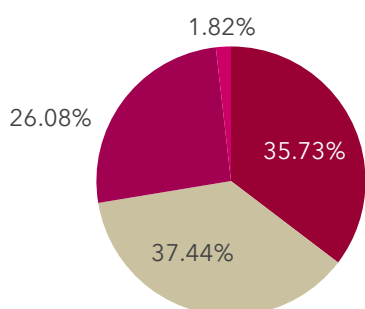
## FUND OBJECTIVE

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

<b>Launch Date</b>	February 2020
<b>Size of Fund</b>	\$14.93 Million
<b>Initial Investment Amount</b>	\$1,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
<b>Trustee</b>	STL Trustees Ltd.
<b>Risk Profile</b>	Medium-High
<b>Custodian</b>	Rand Merchant Bank
<b>Relative Return</b>	-1.06%

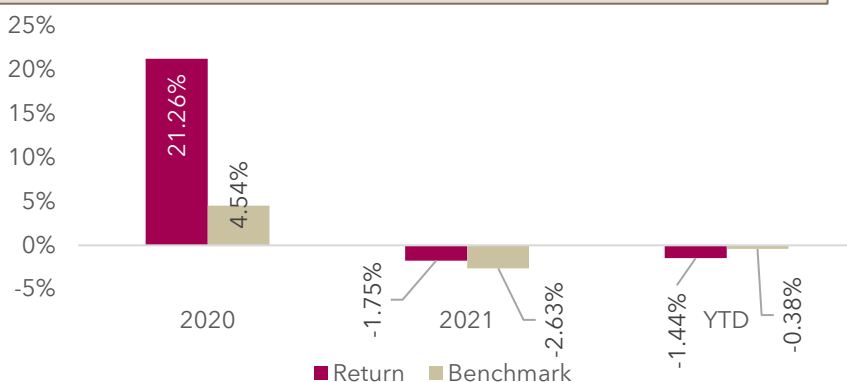
### FUND ASSET ALLOCATION



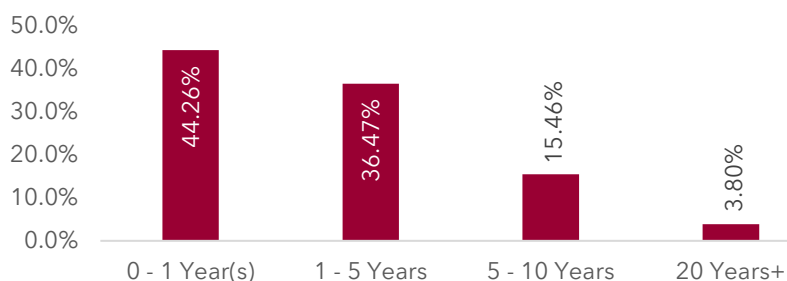
- FGN Eurobonds
- Corporate Eurobonds
- Short-term Instruments
- Cash

<b>Fund Duration</b>	2.49
<b>Holding Yield</b>	6.41%

### FUND PERFORMANCE



### MATURITY PROFILE



## 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).

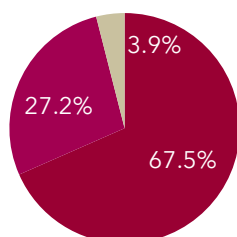
## FUND OBJECTIVE

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

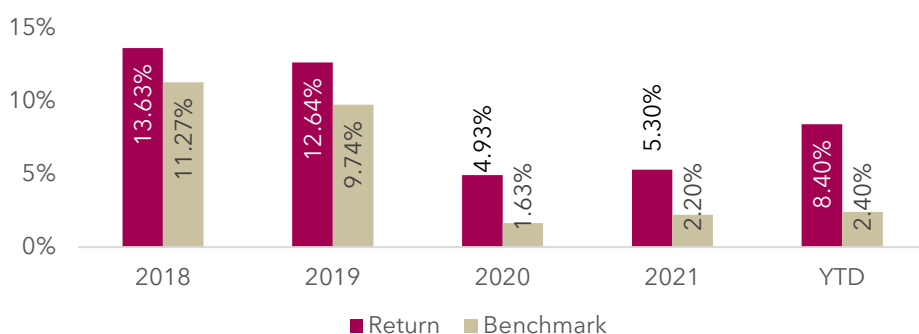
<b>Launch Date</b>	March 2013
<b>Size of Fund</b>	N68 Billion
<b>Initial Investment Amount</b>	N1,000.00
<b>Income Accrual</b>	Daily
<b>Income Distribution</b>	Quarterly
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
<b>Trustee</b>	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
<b>Relative Return</b>	6.00%

### FUND ASSET ALLOCATION

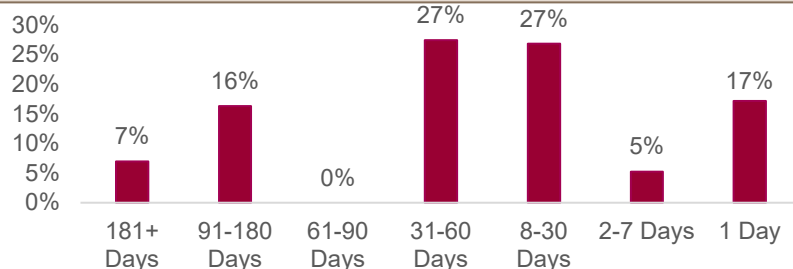


- Short-term Instruments
- Government Securities
- Commercial Papers

### FUND PERFORMANCE



### MATURITY PROFILE



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## **GLOBAL MARKETS**

The geopolitical tensions between Russia and Ukraine is expected to remain the focal point in the coming month. Investors would be watching the reaction of global monetary authorities to higher energy prices with respect to the aggressiveness of rate hikes to combat inflation or slow down the pace of tightening in a bid to support the economy considering the possible impact of the tensions on the global economy. Also, we expect volatility in the financial markets to persist as investors continue to seek a haven for their investments amidst uncertainties surrounding the geopolitical tensions.

## **DOMESTIC MARKETS**

### **EQUITY**

With the end of the 2021 financial year earnings season fast approaching, we expect a slow down in market activity given that most companies have released their results and declared dividends. The retail speculators are likely to be the most active participants while profit taking dominates the scene of the local bourse. Nonetheless, investors would be watching closely the direction of yields in the fixed income space as a cue for risk appetite.

### **FIXED INCOME**

We expect demand for fixed income instruments to be sturdy in the coming month, thus fueling bullish sentiments. This expectation is premised on the increased maturities hitting the financial system within the month. Consequently, yields on fixed income instruments are expected to remain low with interests mostly at the short end of the yield curve.

### **MONEY MARKET**

Going into the new month, we expect liquidity to be sustained from the previous month and increase further on the back of high maturities hitting the system. Rates increased marginally in mid February and traded range bound; we expect similar sentiments in March as continued demand is maintained from investors seeking to invest idle funds. The direction of yields would be influenced by demand and supply of money market instruments and FG's borrowings.



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