



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

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# Mutual Funds Factsheet

## April 2022

## MACRO ECONOMIC UPDATE

### GLOBAL

- A combination of the tensions between Russia and Ukraine, rising covid cases in China and persistent rise in inflation resulting in the prospect of a substantially tighter monetary policy all weighed negatively on the global economy during the month.
- Headline inflation in the US reached 8.5%, the highest level since 1981 resulting in the market pricing in a 50-basis point hike at each of the FED's next three meetings. Also, retail sales data in the UK declined 1.4% month on month and flash purchasing manager's index fell more than anticipated. In China, the province of Shanghai was on lockdown for most of April to contain the spread of the virus.
- Global equities continued a downward trend with MSCI World index falling by -8% in the month. Both value and growth stocks were in the red, with growth stocks posting a substantial loss of -11.9%. Global commodities outperformed, with a gain of 4.1%. Fixed income returns came under pressure with global bonds returning -5.5% due to sell offs.

### DOMESTIC

- Headline inflation for March rose by 22 basis point to 15.92% y/y, making it the second consecutive month of an increase. The northward trend in inflation is premised on the rise in food inflation, despite the moderation in core inflation.
- For context, food inflation rose by 9 basis point to 17.20% driven by higher prices of bread, cereal, potatoes, yam, oils and fat. This is likely a pass-through effect of higher commodity prices as well as rising cases of insecurity in the northern region. On the other hand, core inflation declined 10 basis point to 13.91% following the slower rise in prices of other items excluding food and energy.
- Stanbic IBTC Nigeria's PMI for April rose to 55.8 from 54.1 recorded the previous month, pointing to a sharp improvement in business conditions in the private sector. The improvement was driven by the acceleration in the rates of expansion in output and new orders following stronger demand. On the price front, inflation exacerbated costs of raw materials.

## FINANCIAL MARKET UPDATE

### EQUITIES

- The equities market returned to the positive territory in April, starting the second quarter on a strong note. The market recorded a gain of 5.69% for the month and the quarter, on the back of bullish sentiments dominating the scene of the bourse. Consequently, the year-to-date return jumped to an impressive +16.21%.
- The demand for equities increased during the month, resulting in a rally in prices as investors sought to reinvest dividends received in bellwether stocks. Also, positive reaction by investors to impressive first quarter financial results and corporate actions such as the approval of the super agent license for Airtel Africa drove demand.
- Market performance was supported by the gains recorded by all sectorial indices during the month with the Oil & Gas index (+19.06%) leading the pack, followed by Consumer goods (+11.54%), Banking (+6.24%), Insurance (+3.71%) and Industrial goods (+3.25%) indices, respectively. Specifically, gains were recorded in Seplat (+29.03%), Airtel (+9.97%), Nestle (+3.23%), Guinness (+30.62%) and Dangcem (+6.91%).

### FIXED INCOME

- The sentiments in the fixed income market was slightly bearish in April, reflecting a relatively lower level of liquidity within the financial system. Consequently, the money market indicators - Open Buy Back and Overnight Rates rose by an average 173 basis point and 172 basis points to 8.25% and 8.77% respectively
- Similarly, at the primary market auctions for Treasury Bills, demand moderated by c.53% resulting in average stop rates rising by 14 basis point to 3.15%, with the increase noticed at the 364-day paper. Also, average yield at the secondary market rose slightly by 9 basis points to 3.43%.
- At the monthly bond auction, the Debt Management Office introduced a new 10-year instrument (FGN 2032) whilst the FGN 2025 maturity was re-opened. The stop yield on the 20-year paper (2042) rose by 20 basis points to 12.90%, consequently increasing average yield at the auction by 34 basis points amidst weaker demand across all maturities on offer. Likewise, at the secondary market, average yields rose by 44 basis points to 11.03%.



**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.

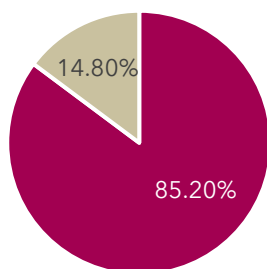
**FUND OBJECTIVE**

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**

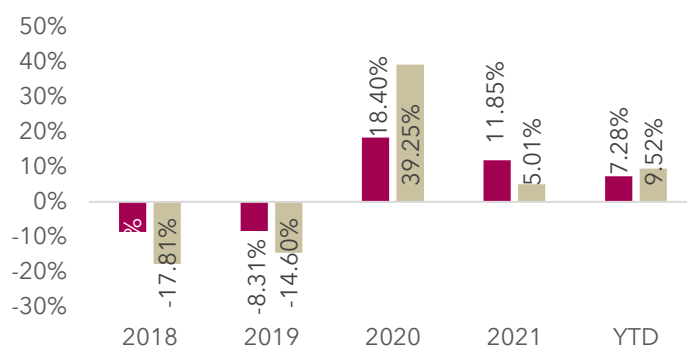
<b>Launch Date</b>	April 2007
<b>Size of Fund</b>	N2.42 Billion
<b>Memorandum Listings</b>	2008
<b>Initial Investment Amount</b>	N50,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Nigerian Stock Exchange 30 Index (NGSE30)
<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>	-2.24%
<b>Equity Beta</b>	0.80

**FUND ASSET ALLOCATION**



■ Equities ■ Fixed Income

**FUND PERFORMANCE**



■ Return ■ Benchmark

**Top 3 Equity Sector Exposures**

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Banking	21%	Equal weight
Industrials	20%	Underweight
Consumer Goods	17%	Overweight

**Top 3 Equity Exposures**

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	12%	Underweight
DANGCEM	12%	Underweight
NESTLE	11%	Overweight

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**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.

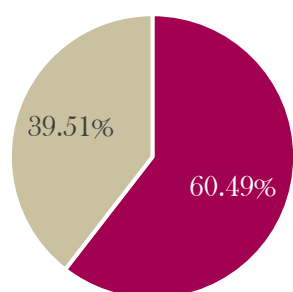
**FUND OBJECTIVE**

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**

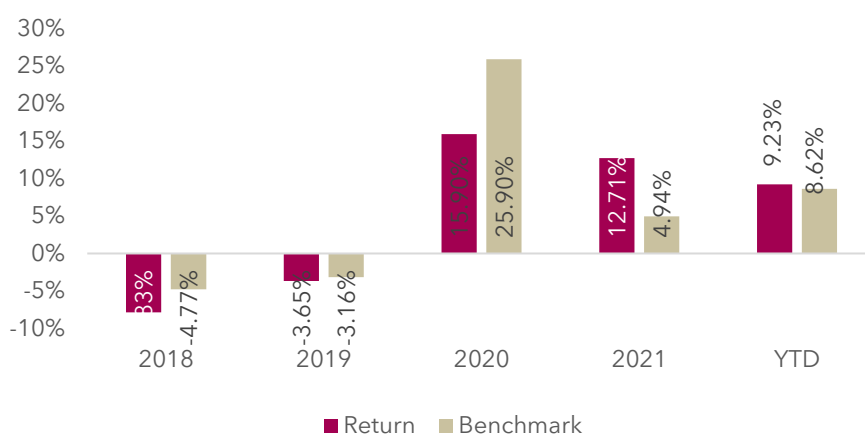
<b>Launch Date</b>	January 1995
<b>Size of Fund</b>	N4.85 Billion
<b>Memorandum Listings</b>	April 2002
<b>Initial Investment Amount</b>	N10,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of NSE ASI and FMAN 91-day 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>	+0.61%
<b>Equity Beta</b>	0.85

**FUND ASSET ALLOCATION**



■ Equities ■ Fixed Income

**FUND PERFORMANCE**



■ Return ■ Benchmark

**Top 3 Equity Sector Exposures**

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	17%	Underweight
Banking	13%	Underweight
Industrials	11%	Underweight

**Top 3 Equity Exposures**

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	9%	Underweight
AIRTEL	8%	Underweight
DANGCEM	7%	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:

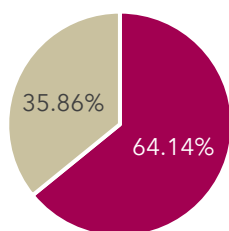
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

### KEY FACTS

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

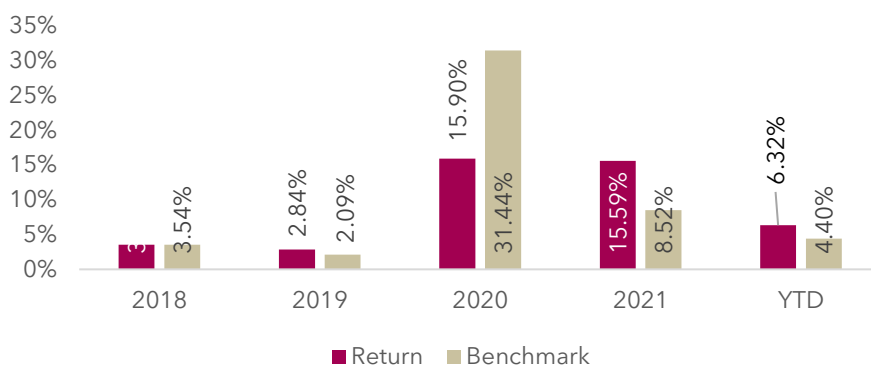
<b>Fund Structure</b>	Open-Ended
<b>Size of Fund</b>	N485.96 Million
<b>Nominal Value</b>	N20.00/Unit
<b>Initial Investment Amount</b>	N10,000.00
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
<b>Trustee</b>	Royal Exchange Plc.
<b>Custodian</b>	Rand Merchant Bank
<b>Risk Profile</b>	Medium
<b>Relative Return</b>	+1.93%
<b>Equity Beta</b>	0.71

### FUND ASSET ALLOCATION



■ Alternatives ■ Equities

### FUND PERFORMANCE



■ Return ■ Benchmark

### Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	15%	Underweight
Industrials	15%	Underweight
Agro Allied	5%	Underweight

### Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	8%	Underweight
BUACEMENT	6%	Underweight
NESTLE	6%	Underweight

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**FUND STRUCTURE**

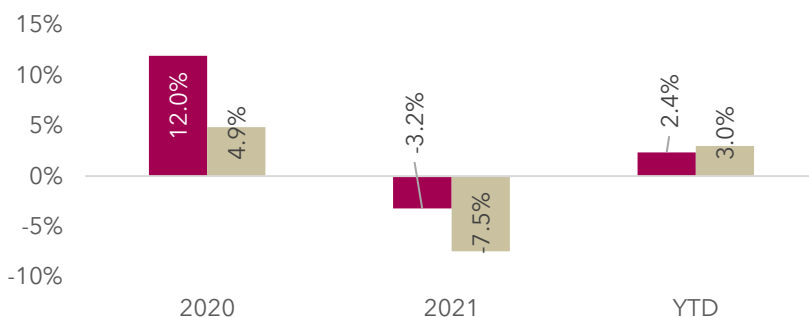
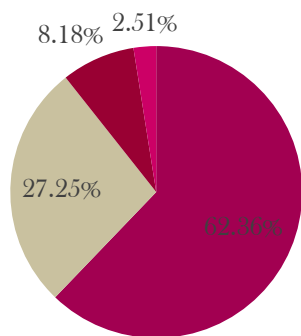
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

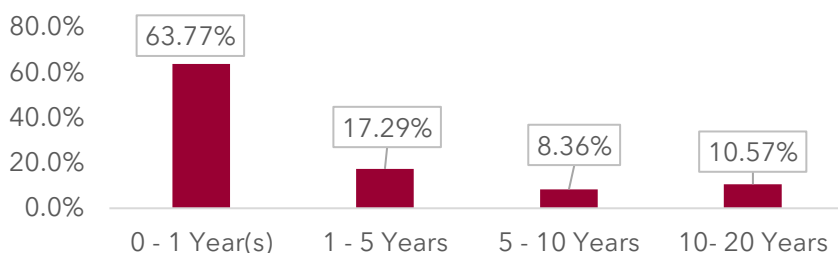
**KEY FACTS**

<b>Launch Date</b>	February 2020
<b>Size of Fund</b>	N1.26 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>	-0.64%
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



- Short-term instruments
- FGN Bonds
- Cash
- SGN Bonds

**MATURITY PROFILE**



<b>Fund Duration</b>	1.23
<b>Holding Yield</b>	8.26%



**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.

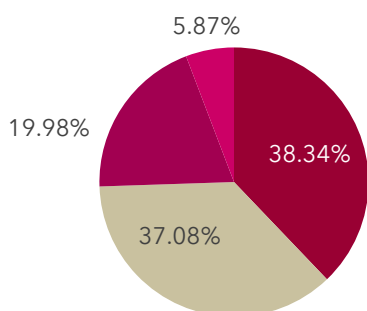
**FUND OBJECTIVE**

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>	\$14.71 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>	-1.97%

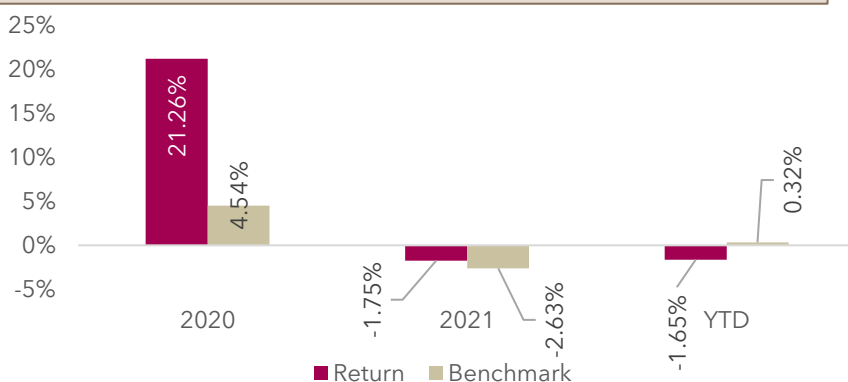
**FUND ASSET ALLOCATION**



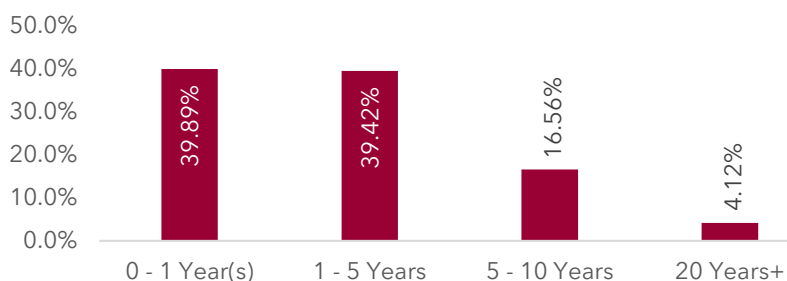
- FGN Eurobonds
- Corporate Eurobonds
- Short-term Instruments
- Cash

<b>Fund Duration</b>	2.48
<b>Holding Yield</b>	7.17%

**FUND PERFORMANCE**



**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).

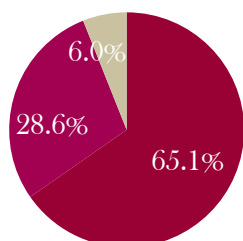
**FUND OBJECTIVE**

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**

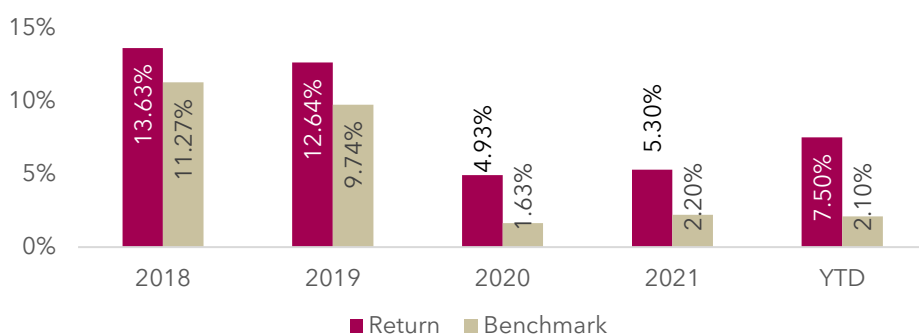
<b>Launch Date</b>	March 2013
<b>Size of Fund</b>	N68 Billion
<b>Initial Investment Amount</b>	N1,000.00
<b>Income Accrual</b>	Daily
<b>Income Distribution</b>	Quarterly
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
<b>Trustee</b>	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
<b>Relative Return</b>	5.40%

**FUND ASSET ALLOCATION**

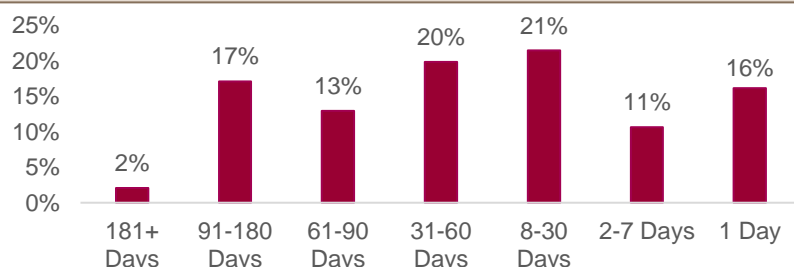


- Short-term Instruments
- Government Securities
- Commercial Papers

**FUND PERFORMANCE**



**MATURITY PROFILE**



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## **GLOBAL MARKETS**

The global economy continues to be faced with potential risks stemming from the impact of geopolitical tensions and rising inflation amidst the improvements in labor markets and relatively strong consumer wallet. Furthermore, investors would be closely watching the reaction of monetary authorities to rising inflation with respect to rate hike actions and this should continue to fuel volatility in the financial markets. Therefore, we expect a further rise in fixed income yields as investors continue to price-in possible rate hikes to address inflationary pressures by the monetary authorities.

## **DOMESTIC MARKETS**

### **EQUITY**

The strong demand witnessed during the month has pushed stock prices higher and, in some cases, to record levels. Consequently, we expect to see some bouts of profit taking given the round up of the first quarter earnings season for most of the bellwethers. Retail speculative investors are likely to dominate market activities whilst the institutional investors remain largely on the sidelines whilst watching the direction of yields at the fixed income market.

### **FIXED INCOME**

We expect further moderation in the demand for fixed income securities, underpinned by the lower maturity profile in the coming month. In addition, a further rise in inflation could result in the demand for higher yields by investors to improve the real return on their investments. Therefore, we expect an upward trend in fixed income yields to persist, as the federal government continues to borrow domestically to fund the budget deficit.

### **MONEY MARKET**

Going into the new month, we expect rates in the money market space to remain on the rise on the back of lesser maturities hitting the system.



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