



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

July 2022

GLOBAL

- The monetary policy actions of global central banks in response to unabating inflationary pressures remained the focal point of discussion in July even as the ongoing dispute between Russia and Ukraine kept energy and commodity prices at elevated levels. Meanwhile, disappointing Q2 GDP data for the US and China reignited fears about slowdown in global economic activities.
- As part of efforts to anchor inflation expectations, global monetary authorities remained committed to hiking cycles. For context, the US headline rose to 9.1% in June from 8.6% in May while that of UK settled at 9.4% in June compared to 9.1% in May. Accordingly, the US FED raised benchmark interest rates by 75 basis point at its July meeting, bringing the total rate hikes to 225 basis points since March 2022. Also, the European Central Bank increased interest rates by 50 basis point, the first-rate hike in 11 years aimed at taming inflationary pressures in the euro zone.
- Global stocks rebounded from the huge losses posted in June as investors appetite for risk improved on the back of expectations of less aggressive interest rate hikes by global central banks given weak economic data. In the US, DJIA and S&P rose by 5.70% and 7.58% month-on-month respectively. Similarly, the European markets ended in the green as FTSE (+2.97% m/m) and Stoxx 600 (+7.27% m/m) pared losses in June. However, MSCI EM declined by 0.31% m/m while MSCI FM gained 0.41% m/m.

DOMESTIC

- Nigeria's composite PMI rose significantly to 53.2 in July from 50.9 in June, signalling rebound in private sector activities following improvement in new orders from customers which underpinned expansion in output. Notably, businesses increased expenditure on purchase of raw materials despite elevated input prices, rising fuel costs and scarcity of foreign exchange. However, employment growth eased reflecting tepid conditions in the labour market.
- Headline inflation rose further by 89 basis point to 18.60% y/y in June (May - 17.71%), the highest rate since January 2017 (18.72%), driven by broad-based increases across the food (+111bps) and core (+85bps) baskets. Food inflation accelerated to 20.6% YoY, due to the confluence of security challenges in food producing regions, rising cost of importing fertilisers and associated logistics costs. Similarly, core inflation rose to 15.75% y/y driven by the pass-through impact of elevated energy prices, rising commodity prices and scarcity of foreign exchange.

FINANCIAL MARKET UPDATE

EQUITIES

- Negative sentiments persisted on the local bourse in the month of July as the further 100bps hike in MPR orchestrated by the CBN made investors exhibit cold feet towards risk assets due to expectation of higher FI yields. Overall, the All Share Index recorded a loss of 2.38% for the month whilst the year-to-date performance moderated to +18.41% from +21.31% at the end of June.
- The selling pressure in the local bourse was further impacted by the news on the proposed decision to reclassify Nigeria from MSCI Frontier Market Index to a standalone status, this led to sell-offs in large-cap stocks such as MTNN, GTCO, ZENITH and NESTLE.
- Specifically, the bearish performance of the market was on the back of losses in NB (-19.15%), STANBIC (-15.35%), MTNN (-13.00%), WAPCO (-13.17%), NESTLE (-9.84%), ETI (-7.48%), ZENITH (-4.61%) and GTCO (-3.17%).

FIXED INCOME

- System liquidity remained tight in the month of July, with interbank rates at double digits throughout the month, hovering between 13.83%-15.00% level. Monthly average also climbed by 294bps to close at 14.88% level, the highest since the start of the year. With the lean size of coupon payments expected in August compared to July, we anticipate that the tight liquidity in the financial system will persist.
- Bearish sentiment prevailed in the FGN bond space, especially at the short end of the curve, as local banks offered their short-tenured securities to meet liquidity needs. The upward adjustment in MPR by 100bps also supported the rise in yields. Consequently, average secondary market yield increased by 38 basis points to 11.55% relative to June.
- At the July bond auction, stop yields across the three maturities offered increased, with the 2025 maturity recording the highest increase of 90 basis points thus reflecting current market reality on short-dated instruments. Average yield at the auction increased by 67 basis points to 12.58% in July.
- The secondary market for Treasury Bills experienced significant rise in yield level, as the average yields on the NTB and Special Bills widened by 241 basis points and 607 basis points to 6.91% and 10.63% respectively. The surge in yield is largely attributed to the considerable sell-offs on short term instruments as a result of the illiquidity in the system.

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.

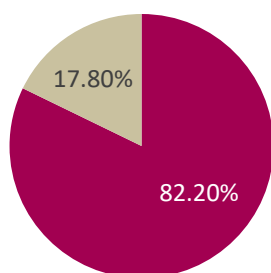
FUND OBJECTIVE

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

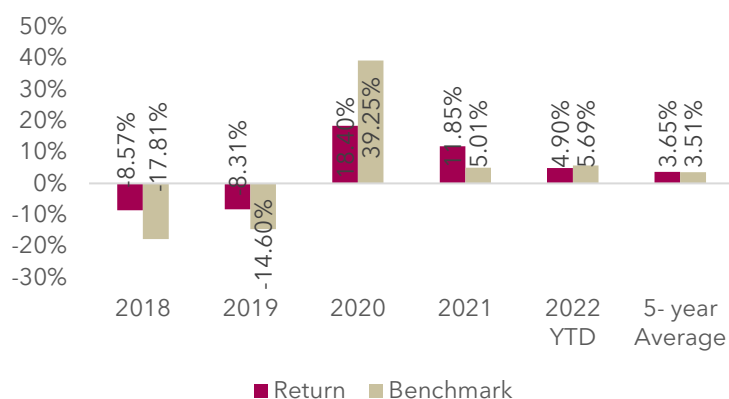
Launch Date	April 2007
Size of Fund	₦2.33 Billion
Memorandum Listings	2008
Initial Investment Amount	₦50,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Nigerian Stock Exchange 30 Index (NGSE30)
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	High
Relative Return	-0.79%
Equity Beta	0.95

FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	16%	Overweight
Telecoms	15%	Underweight
Industrials	14%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	15%	Underweight
DANGCEM	12%	Underweight
NESTLE	10%	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.

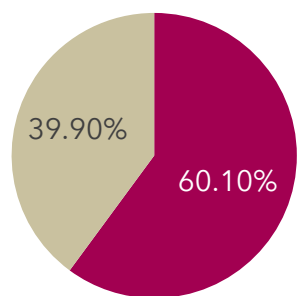
FUND OBJECTIVE

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

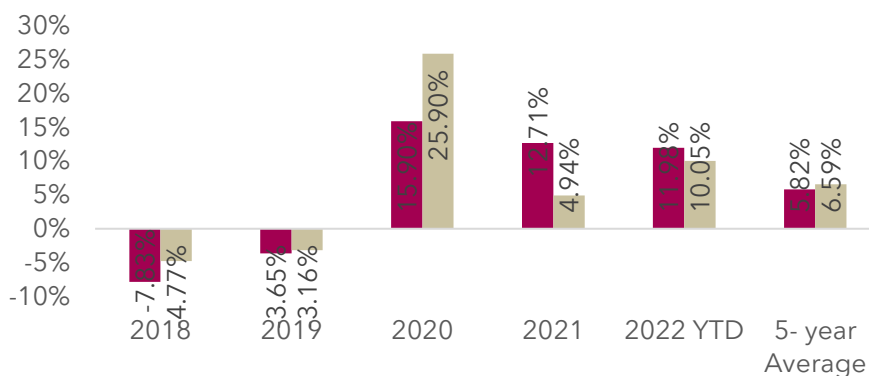
Launch Date	January 1995
Size of Fund	₦4.77 Billion
Memorandum Listings	April 2002
Initial Investment Amount	₦10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of NSE ASI and FMAN 91-day Average T-Bill rate.
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	Medium
Relative Return	+1.93%
Equity Beta	0.91

FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

FUND PERFORMANCE



■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	21%	Underweight
Industrials	9%	Underweight
Consumer	9%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
AIRTEL	11%	Underweight
MTN	10%	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:

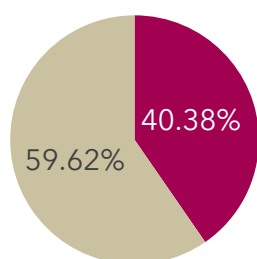
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

KEY FACTS

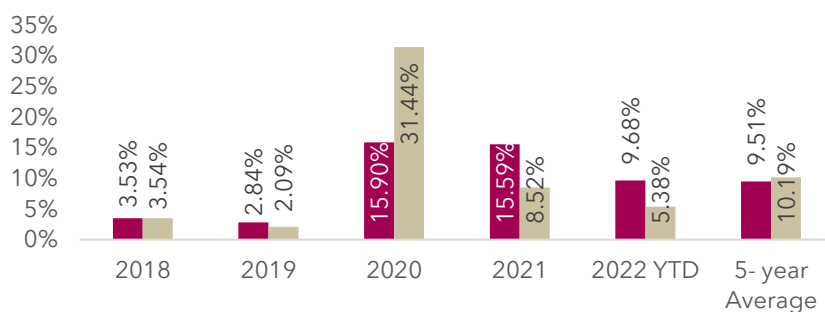
The ARM Ethical Fund is a Shari'ah compliant open-ended Islamic Fund.

Fund Structure	Open-Ended
Size of Fund	₦552.86 Million
Nominal Value	₦20.00/Unit
Initial Investment Amount	₦10,000.00
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	+4.30%
Equity Beta	0.87

FUND ASSET ALLOCATION



FUND PERFORMANCE



■ Alternatives ■ Equities

■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	10%	Underweight
Consumer Goods	9%	Overweight
Agro Allied	8%	Overweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	9%	Underweight
OKOMUOIL	6%	Overweight
BUACEMENT	5%	Overweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

The ARM Short Term Bond 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.

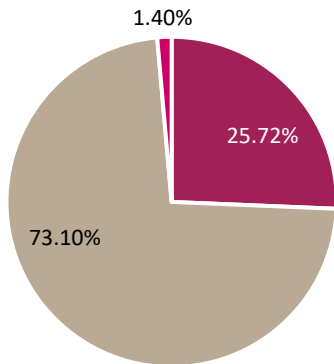
FUND OBJECTIVE

The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3 years.

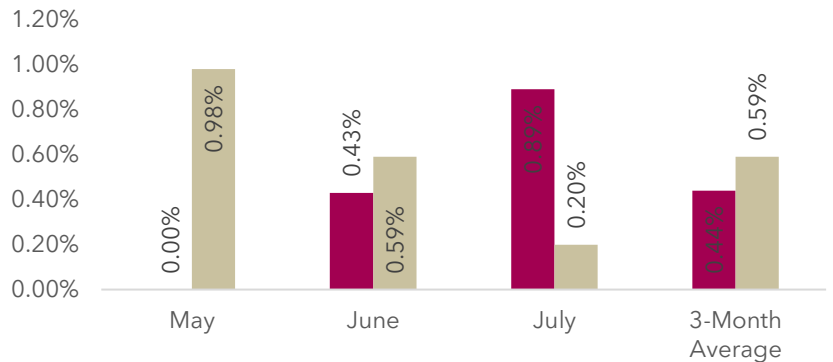
KEY FACTS

Launch Date	April 2022
Size of Fund	₦922.25 Million
Initial Investment Amount	₦10,000.00
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.
Custodian	Rand Merchant Bank
Risk Profile	Low - Medium
Relative Return	0.26%

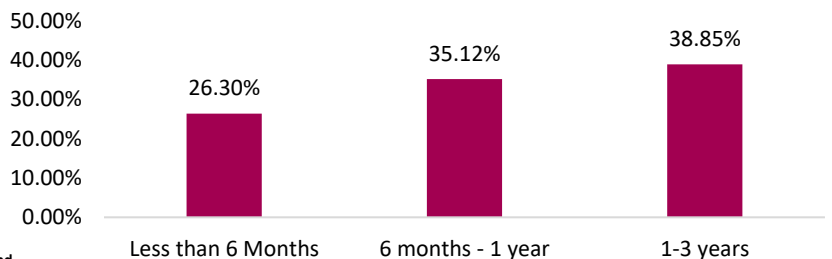
FUND ASSET ALLOCATION	FUND PERFORMANCE
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- Short-Term Instruments
- FGN Bonds
- Cash
- SGN Bonds



MATURITY PROFILE



Fund Duration	0.88
Holding Yield	8.35%

*Weekly return for the month of June 2022 due to the recent launch of the fund

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FUND STRUCTURE

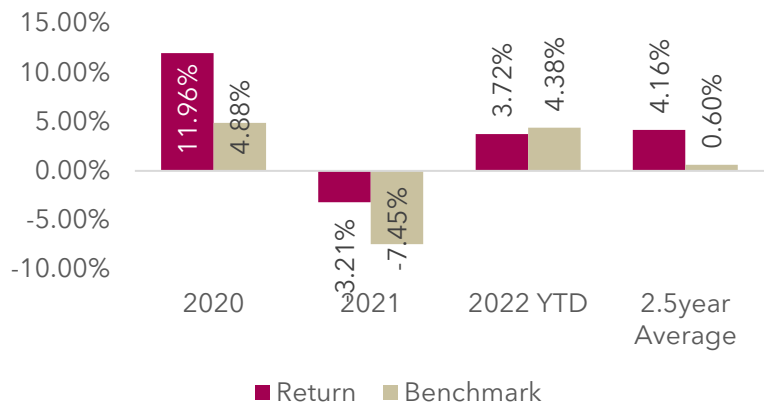
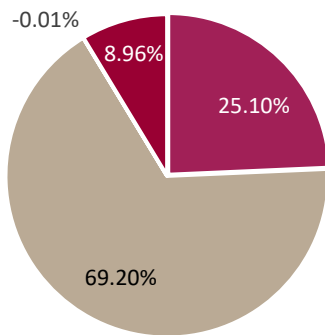
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

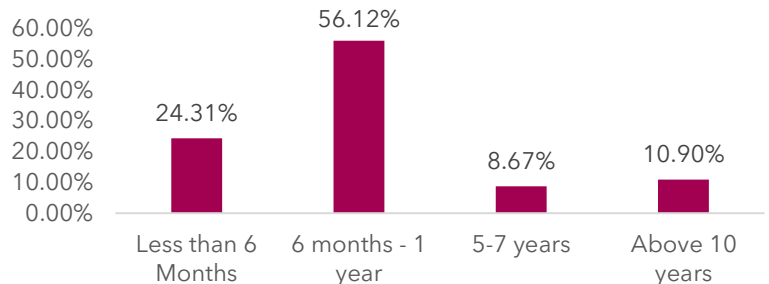
KEY FACTS

Launch Date	February 2020
Size of Fund	₦929.51m
Initial Investment Amount	₦5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium - High
Relative Return	0.34%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- Short-Term Instruments
- FGN Bonds
- Cash
- SGN Bonds

MATURITY PROFILE



Fund Duration	1.45
Holding Yield	8.73%

FUND STRUCTURE

The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized 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.

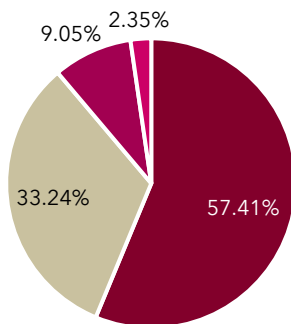
FUND OBJECTIVE

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	\$11.46 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-High
Custodian	Rand Merchant Bank
Relative Return	0.14%

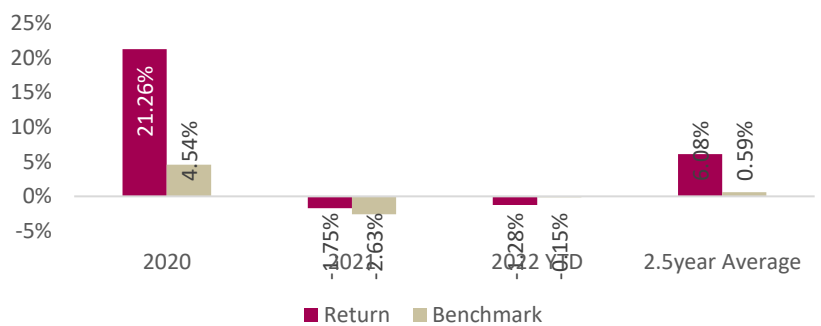
FUND ASSET ALLOCATION



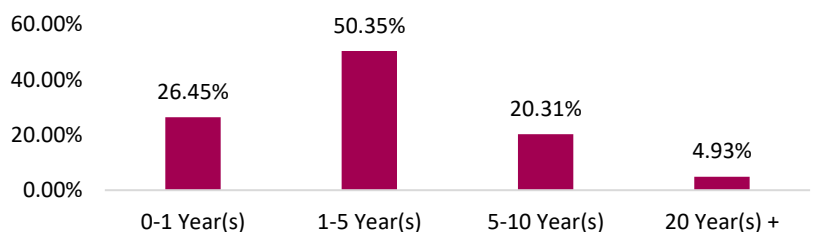
- FGN Eurobonds
- Corporate Eurobonds
- Short-term Instruments
- Cash

Fund Duration	3.34
Holding Yield	7.91%

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).

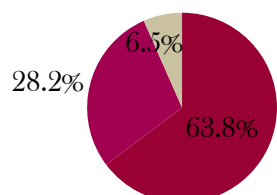
FUND OBJECTIVE

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

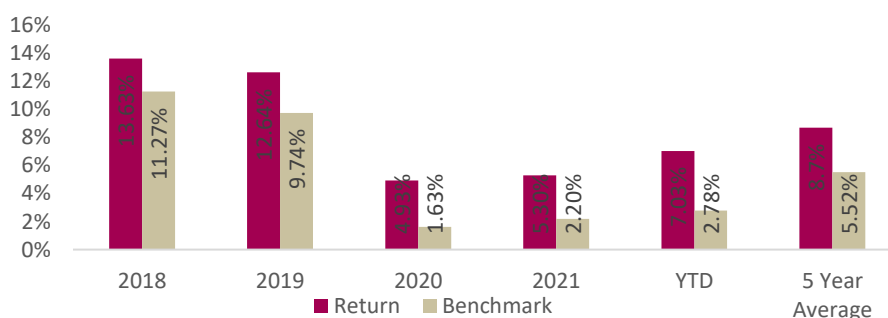
Launch Date	March 2013
Size of Fund	₦65 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Relative Return	4.25%

FUND ASSET ALLOCATION

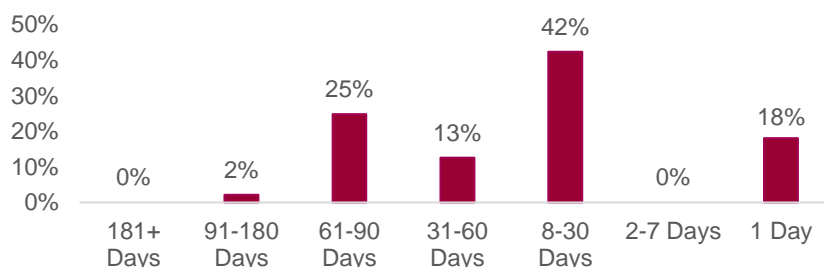


- Short-term Instruments
- Government Securities
- Commercial Papers

FUND PERFORMANCE



MATURITY PROFILE



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GLOBAL MARKETS

Global central banks are likely to be at a crossroad between tightening to curb inflationary pressures and supporting the fragile economy. With the prospect of a truce between Russia and Ukraine seeming like a distant into the future, energy prices will likely be influenced by the extent to which demand weakness will be offset by sanctions-induced supply constraints. Furthermore, we believe investors will be paying close attention to economic data in US and China in the light of the weaker-than-expected Q2 GDP print to re-assess the direction of monetary policy actions from global central banks. That said, we expect subdued volatility in the financial markets as the decline in oil prices together with early indications of a slowing economy will likely raise investors bet for a less aggressive rate hike from the US Fed. However, we think the pass-through impact of a weaker dollar on EM currencies will vary depending on country-specific factors.

DOMESTIC MARKETS

EQUITY

We expect the recent flurry of corporate earnings releases to provide a breather for market performance in August, following the consistent losses recorded in the month of June and July. However, we note that bargain hunting activities will be undermined by expectations on the direction of FI yields. We expect domestic investors to remain the dominant players in the market as FPIs remain cautious towards naira assets due to liquidity constraints in the FX market and vulnerability of the economy to external shocks. That said, we believe the muted activity of FPIs will be centred on dual-listed stocks as a vehicle of exiting the domestic market.

FIXED INCOME

The main drivers to influence the fixed income market in the coming month are tight system liquidity, inflation numbers, supply by the DMO and auction closing yields . With inflation rate not expected to moderate soon especially as energy and food prices remain elevated, coupled with low budget performance supporting the need for considerable borrowing to fund the 2022 budget for the remaining part of the year, fixed income yields points largely towards an upward direction.



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