



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

August 2022

GLOBAL

- Activities in the global macroeconomic landscape continued to revolve around the actions of global central banks to curtail inflation and signs of economic slowdown occasioned by tighter global financing conditions. Concerns over the health of the global economy was further magnified by new Covid restrictions in China amidst lingering woes in its property sector. In the oil market, movement in prices continued to be dictated by the interplay between supply constraints and weakness in demand caused by slower expansion in global economic activities.
- In what could be regarded as an early indication that price pressures may have peaked in the world's largest economy, the US headline inflation moderated to 8.5% YoY in July from 9.1% YoY in June and below market expectation of 8.7% YoY. However, a different outcome played out in the UK as headline inflation rose to 10.1% YoY in July from 9.4% YoY in June. Accordingly, the Bank of England (BOE) increased the key policy rate for the sixth consecutive time by 50bps to 1.75%, representing the biggest rate hike since the Committee was set up in 1997.
- Global stocks plummeted in July as investors were rattled by hawkish comments made by the Fed Chairman Jerome Powell regarding the Fed's resolution to tame inflationary pressures. In the US, DJIA and S&P declined by 4.06% and 4.24% month-on-month respectively. Similarly, the European markets suffered losses as FTSE (-1.88% m/m) and Stoxx 600 (-5.29% m/m) fell in August. However, MSCI Emerging Markets Index rose by 0.03% m/m while MSCI Frontier Markets Index gained 1.61% m/m.

DOMESTIC

- Data published by NBS showed that Nigeria's GDP grew by 3.54% YoY in Q2-22, an improvement from 3.11% YoY in Q1-22. The growth was largely driven by the non-oil sector which expanded by 4.77% YoY albeit slower than 6.08% YoY in Q1-22. On the other hand, the oil sector contracted for the ninth consecutive quarter, declining by 11.77% YoY compared to 26.04% YoY in Q1-22.
- Headline inflation rose further by 105 basis point to 19.64% y/y in July (June - 18.60%), the highest rate in 17 years, driven by broad-based increases across the food (+141bps) and core (+51bps) baskets. Food inflation accelerated to 22.0% YoY, due to the confluence of security challenges in food producing regions, higher input and associated logistics costs. Similarly, core inflation rose to 16.26% y/y driven by the confluence of elevated energy prices, rising commodity prices and scarcity of foreign exchange.

FINANCIAL MARKET UPDATE

EQUITIES

- The local bourse suffered its third consecutive month of losses in August as investors' appetite for stocks remained muted due to expectations for sustained uptick in Fixed Income yields. Overall, the All Share Index declined by 1.38% m/m while the year-to-date performance moderated to +16.29% from +17.92% at the end of July.
- Despite the negative sentiments that dominated market performance in the month under review, it is pertinent to highlight that corporates delivered broadly decent H1-22 earnings. Nonetheless, the bearish performance of the market was driven by losses in large-caps; BUACEMENT (-24.96%), SEPLAT (-8.44%), and DANGCEM (-7.55%).
- NGX published the Domestic and Foreign Portfolio report for the month of July which showed that the total value of transactions in the local bourse fell for the second consecutive month, declining by 35.4% m/m to NGN101.18 billion in July (June: NGN156.52 billion).

FIXED INCOME

- Bearish sentiment extended into August in the fixed income market as tight system liquidity remained the major factor that drove the sentiment, supported by the high inflation numbers. Demand remained weak amidst decent supply as relatively fewer maturities hit the system, leading to further sell-offs on Special Bills to provide liquidity as the instrument traded above 12% level. However, FAAC inflow at the end of the month spurred some buy interests mostly on short-dated instruments.
- At the secondary market for bonds, the bearish sentiment resulted instruments at the short and mid point of the curve being relatively attractive as average yield rose significantly by 116 basis points and 123 basis points respectively to 8.77% and 12.49%. Average yield on long end instruments rose at a lower pace by 72 basis points to 13.39%. Likewise at the secondary NTB market, yields advanced by 88 basis points month-on-month to 7.79%.
- The August FGN bond auction was oversubscribed by N22 billion as average yield rose by 75 basis points to close at 13.33%. Consequently, yields on the 2042s and 2045s at the secondary market extended beyond 14% while short-end yields touched 13% level. Similarly, average stop rate at the NTB auctions rose by 88 basis points to 5.49%.

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.

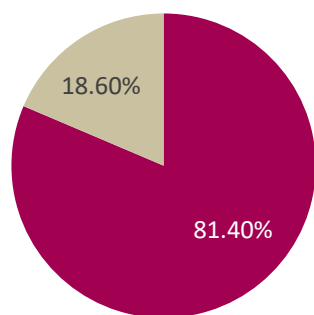
FUND OBJECTIVE

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

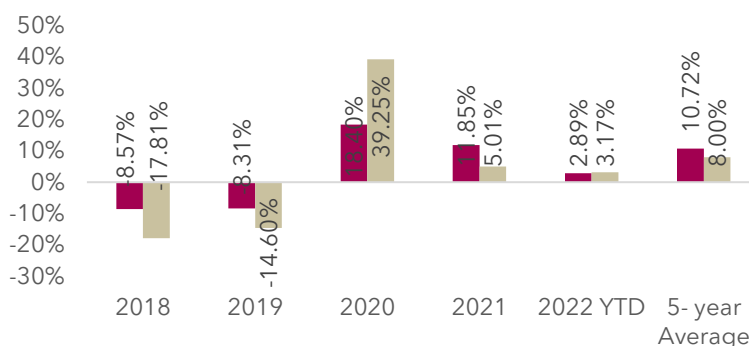
Launch Date	April 2007
Size of Fund	₦2.26 Billion
Memorandum Listings	2008
Initial Investment Amount	₦50,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Nigerian Stock Exchange 30 Index (NGSE30)
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	High
Monthly Relative Return	-0.28%
Equity Beta	0.86

FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

FUND PERFORMANCE



■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	17%	Overweight
Telecoms	15%	Underweight
Financials	14%	Overweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	15%	Overweight
DANGCEM	12%	Underweight
NESTLE	11%	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.

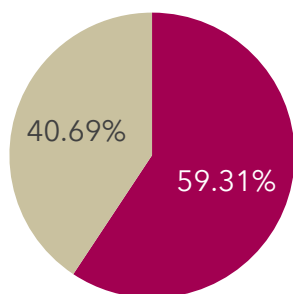
FUND OBJECTIVE

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

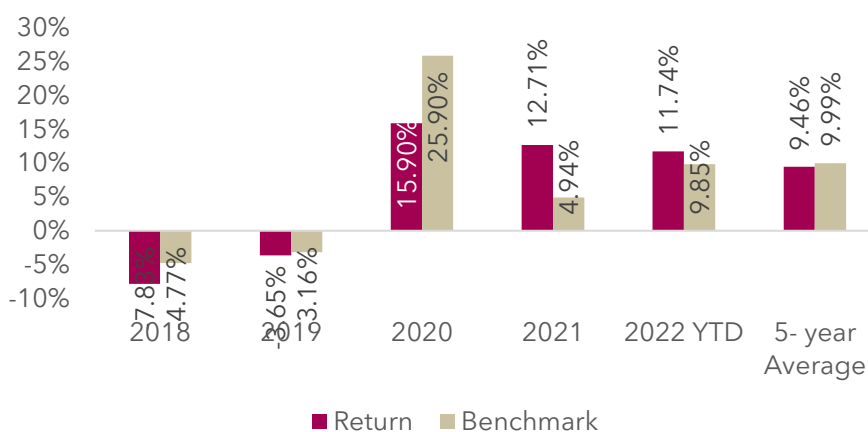
Launch Date	January 1995
Size of Fund	₦4.76 Billion
Memorandum Listings	April 2002
Initial Investment Amount	₦10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of NSE ASI and FMAN 91-day Average T-Bill rate.
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	Medium
Monthly Relative Return	+1.89%
Equity Beta	0.92

FUND ASSET ALLOCATION



■ Equities ■ Fixed Income

FUND PERFORMANCE



Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	22%	Underweight
Consumers	9%	Overweight
Industrials	8%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
AIRTEL	12%	Underweight
MTN	9%	Overweight
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:

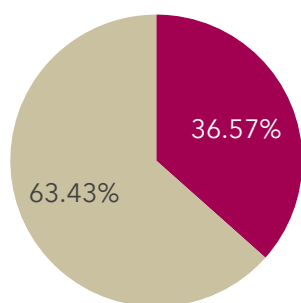
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

KEY FACTS

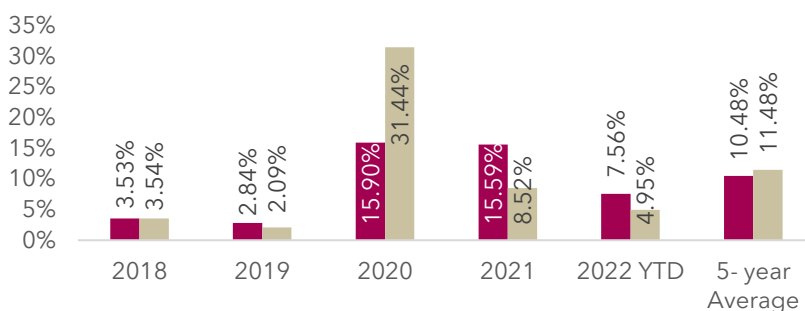
The ARM Ethical Fund is a Shari'ah compliant open-ended Islamic Fund.

Fund Structure	Open-Ended
Size of Fund	₦563.20 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
Monthly Relative Return	+4.30%
Equity Beta	0.88

FUND ASSET ALLOCATION



FUND PERFORMANCE



■ Alternatives ■ Equities

■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	10%	Overweight
Industrials	9%	Overweight
Agro Allied	7%	Overweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	8%	Underweight
OKOMUOIL	6%	Overweight
NESTLE	5%	Overweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

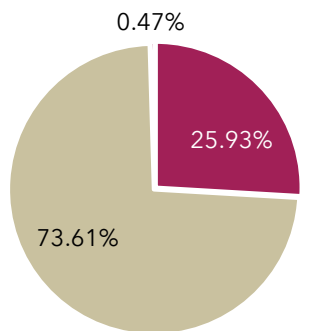
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

FUND OBJECTIVE

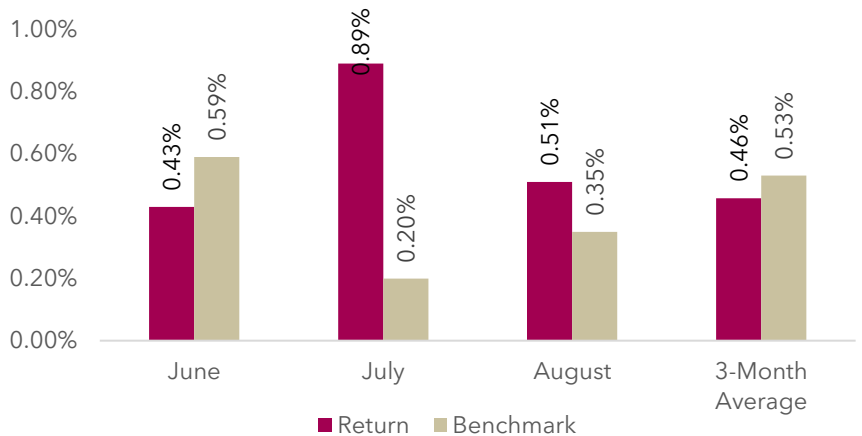
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

KEY FACTS

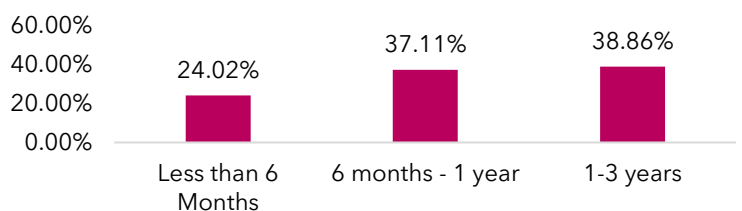
Launch Date	April 2022
Size of Fund	₦922.25 Million
Initial Investment Amount	₦10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Low - Medium
Monthly Relative Return	0.16%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- Short-Term Instruments
- FGN Bonds
- Cash



MATURITY PROFILE



Fund Duration	0.83
Holding Yield	8.87%

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

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FUND STRUCTURE

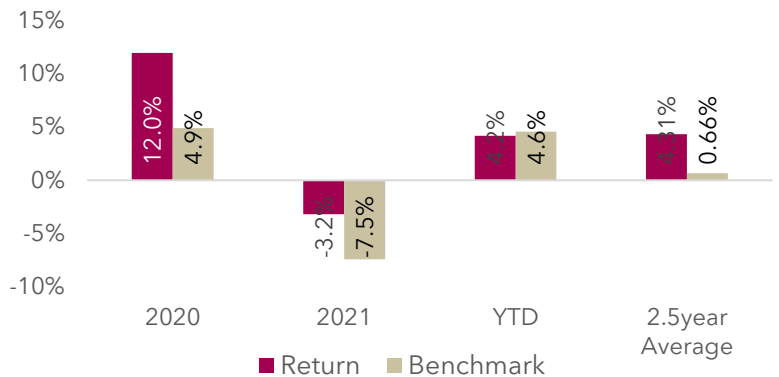
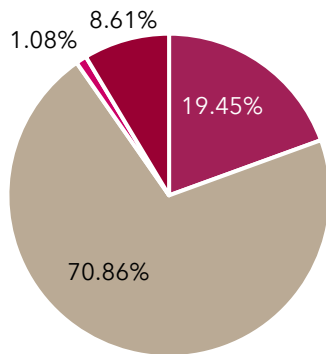
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

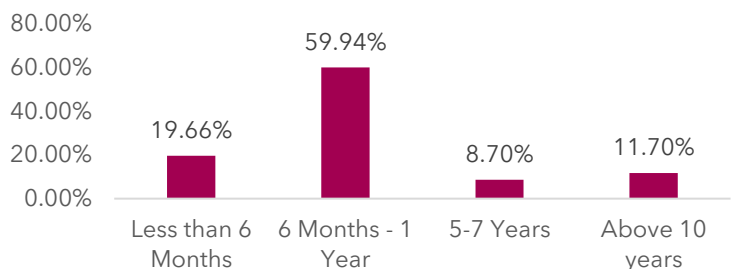
Launch Date	February 2020
Size of Fund	₦929.51m
Initial Investment Amount	₦5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium - High
Monthly Relative Return	0.19%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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

Fund Duration	1.48
Holding Yield	8.74%

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 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.

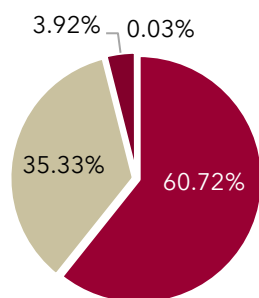
FUND OBJECTIVE

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	\$10.81 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	-0.10%

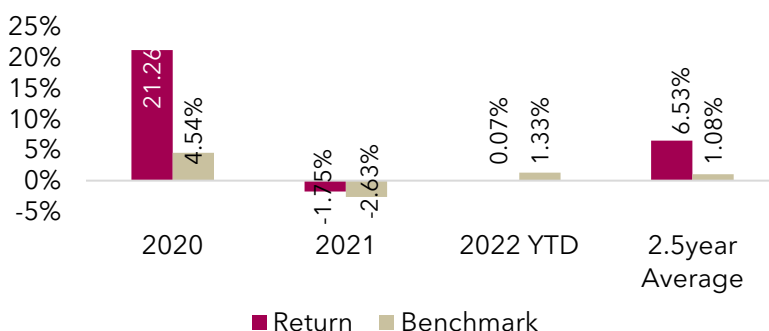
FUND ASSET ALLOCATION



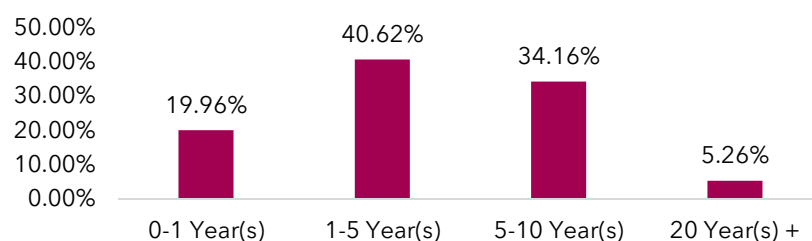
- FGN Eurobonds
- Corporate Eurobonds
- Short-term Instruments
- Cash

Fund Duration	3.47
Holding Yield	8.01%

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).

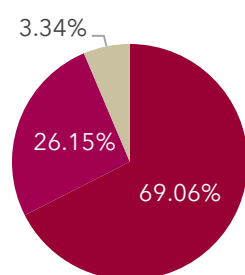
FUND OBJECTIVE

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

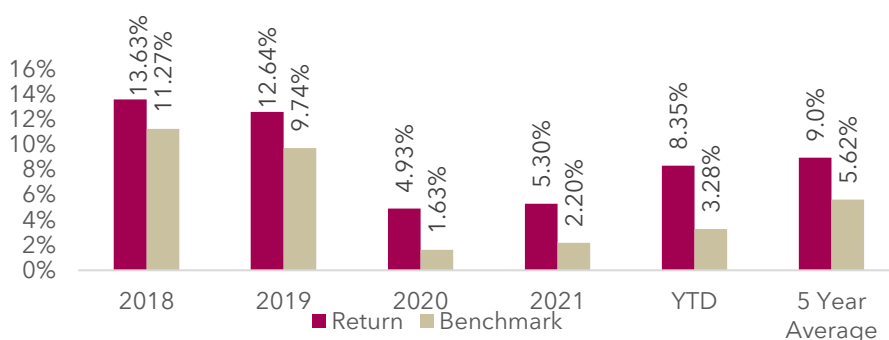
Launch Date	March 2013
Size of Fund	₦65.5 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Relative Return	5.07%

FUND ASSET ALLOCATION

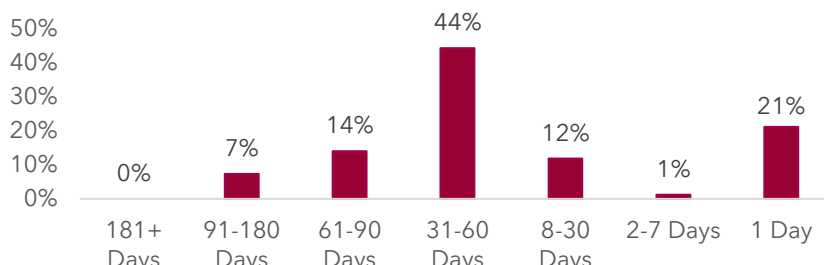


- Short-term Instruments
- Government Securities
- Commercial Papers

FUND PERFORMANCE



MATURITY PROFILE



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GLOBAL MARKETS

Based on the hawkish comments by the Fed Chairman at the Jackson hole meeting in August, market would likely be bracing up for another 75-basis point rate hike at the Fed meeting scheduled for September. In the oil market, the recent decision by Russia to halt the supply of gas via the Nordstrom 1 pipeline to Europe would likely worsen the energy crisis in the region, generating negative spillover on inflation. This could compel the European Central bank to proceed with further rate hikes despite signs of economic slowdown in the region. That said, we believe investors will be paying close attention to economic data in US in the light of the comments made by the Federal Reserve Chairman regarding tolerance for weakness in economic growth in order to curtail inflation. Relatedly, the reinstatement of lockdowns in China will continue to amplify concerns about the overall health of the global economy, given the nation's position as a manufacturing hub and a major trading partner to most countries. In addition, we expect volatility in the financial markets to persist as market participants continue to assess the hawkish rendition among global central banks against recession risks.

DOMESTIC MARKETS

EQUITY

We expect market to trade sideways in September as bargain hunting activities by investors trying to take advantage of attractive entry points would be matched by intermittent profit-taking activities. Although, we see scope for banking tickers to deliver some decent gains due to H1-2022 corporate actions announcement, we think this would be capped by medium term expectation on the direction of yields in the FI market. We still expect domestic investors to remain the dominant players in the market as FPIs would continue to demonstrate apathy towards naira assets due to liquidity constraints in the FX market, increased political risk and vulnerability of the economy to external shocks. Notwithstanding, we believe the muted activity of FPIs will be centred on dual-listed stocks as a vehicle of exiting the domestic market.

FIXED INCOME

Barring any significant maturities in the coming month, liquidity is expected to remain tight with demand and supply dynamics largely determining the extent of yields widening in the fixed income market. The high inflation rate and low level of liquidity are however expected to continue supporting yields at current levels. With global central banks' resolution to maintain their hawkish policy implementation in order to combat high inflation, we expect the MPC to weigh the impact of rising inflation at its next meeting in September, the outcome of which should support their preference for price stability in line with global central banks.



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