



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

October 2022

GLOBAL

- Concerns about the health of the global economy came to the fore in October as the IMF in its latest edition of the World Economic Outlook tagged “countering the cost-of-living crisis” cited the aggressive pace of rate hikes by global central banks, ongoing dispute between Russia and Ukraine and the lingering Covid-19 pandemic in China as headwinds to the global outlook. Specifically, IMF projects global growth to slow substantially from 6.0% in 2021 to 3.2% in 2022. In what could be regarded as good news to cheer, US headline inflation moderated for the third consecutive month to 8.2% (10 bps lower than August) in September. On the other hand, UK inflation rose by 20 bps to 10.1% y/y in September from 9.9% in August.
- In the oil market, the large and unexpected production cut of 2 million bpd instituted by OPEC+ at the start of the month helped in easing concerns about slowing demand for crude even as supply challenges persisted due to limited flow of energy products via the Nord stream pipelines. Eventually, Brent crude oil prices increased by 3.3% m/m to an average of \$93.13 (September: \$90.16).
- Developments in UK’s political landscape gained widespread attention as Liz Truss made history as the shortest-serving Prime Minister in British history after she announced her resignation after six weeks in office. At the tail end of the month, King Charles appointed Rishi Sunak as the leader of the U.K. Parliament.
- Global stocks staged an impressive comeback in October, recovering some of the losses seen since July when aggressive rate hikes by central banks triggered sell offs in equities. In the US, DJIA and S&P advanced by 13.95% and 8.01% month-on-month respectively. Similarly, the European markets posted gains as FTSE (+1.60% m/m) and Stoxx 600 (+4.65% m/m) rose in October. However, MSCI Emerging Markets and Frontier Markets Indices faltered, declining by 1.86% m/m while MSCI shed 3.63% m/m.

DOMESTIC

- The CBN Governor, Godwin Emefiele, revealed plans by the apex bank to issue new series of banknotes for the N100, N200, N500 and N1000 denominations. We understand that existing paper notes of the denominations will cease to be legal tender from 31 January 2023. The CBN Governor noted that the aim of the policy action is to improve the currency management and by extension have greater control over demand-side induced inflationary and currency pressures.
- Headline inflation rose further by 25 basis point to 20.77% y/y in September (August - 20.52%), on the back of sustained pressures across the food (+22bps) and core (+40bps) baskets. Food inflation inched higher to 23.34% YoY, due to the combined impact of security challenges in food producing regions, elevated input and associated logistics costs. Similarly, core inflation rose to 17.60% y/y due to the knock-on effects of elevated energy prices, rising commodity prices and liquidity challenges in the FX market.

FINANCIAL MARKET UPDATE

EQUITIES

- The local bourse suffered its biggest monthly loss in 2022 and the fifth consecutive month of losses in September as the All Share Index declined by 10.58% m/m while the year-to-date performance moderated to +2.63% (September YTD:+14.77%).
- The bearish performance of the market was driven largely by losses in large-caps- AIRTELAFRICA (-36.25%), DANGCEM (-10.00%), and NB (-13.53%). Sectoral performance was broadly negative as the Insurance index (-5.22%) recorded the biggest loss followed by Oil and gas (-5.10%), Consumers (-2.89%), and Banking (-1.10%) indices. The Industrials goods (+6.50%) index emerged as the lone gainer propelled by BUACEMENT (+34.62% m/m).
- During the month under review, Geregu Power , a leading power generation company was listed by introduction on the Main Board of the Exchange. A total of 2.5 billion shares were listed at a price of N100.

FIXED INCOME

- The fixed income market continued to experience yield expansion driven primarily by tight financial system liquidity and higher inflation numbers, as well as increased supply of short-to-medium term instruments by corporate organizations to shore up their liquidity positions.
- At the last NTB primary market auction in October, the stop rates on the 91-day, 182-day and 364-day Bills closed higher at 6.5% (+0.01%), 8.05% (+0.55%) and 14.5% (+2.50%) respectively relative to September. The secondary market for NTB also experienced yield uptick, driven by sell pressures as market players exited positions to cover liquidity shortfalls.
- The FGN bond market remained bearish in October as the average benchmark yield widened by 108basis points given the tight liquidity and consequent sell interests across the curve. At the primary market auction held within the month, stop rates surged significantly across all tenors, as the 2037 maturity recorded the highest increase of 150basis points to close at 16%.

FUND STRUCTURE

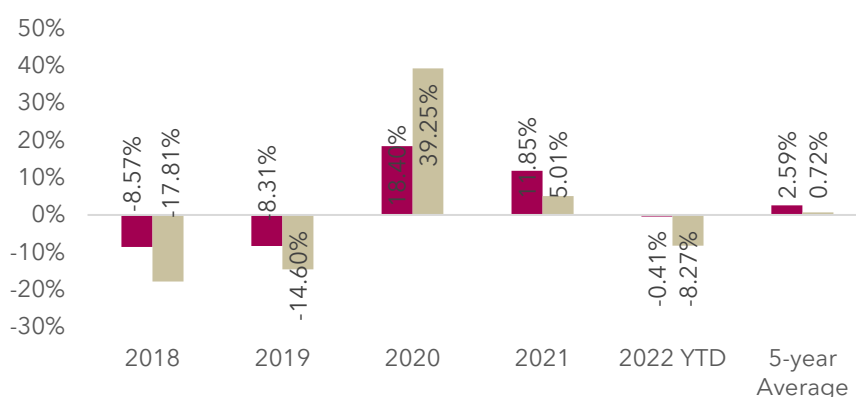
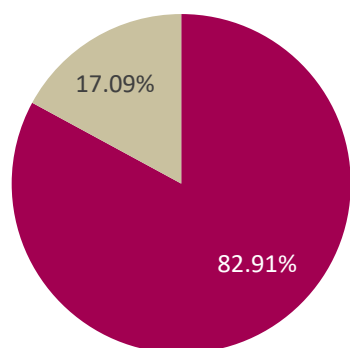
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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	₦2.16 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(Oct 31)	+6.75%
Equity Beta	0.74
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Equities ■ Fixed Income

■ Return ■ Benchmark

Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	19%	Underweight
Telecoms	18%	Underweight
Consumer Goods	16%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	15%	Underweight
DANGCEM	11%	Underweight
NESTLE	10%	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.

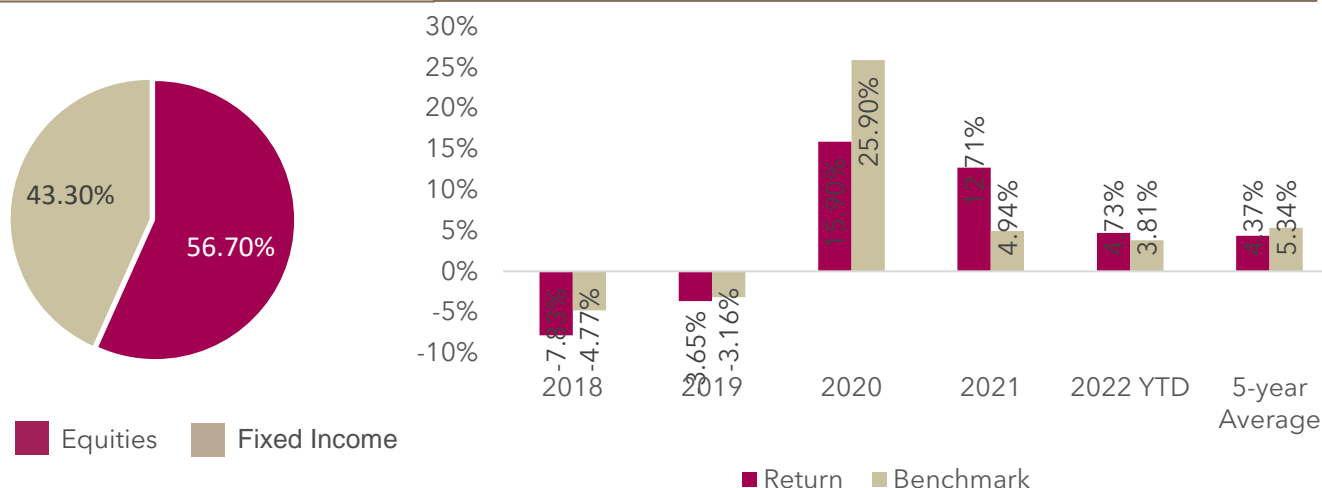
FUND OBJECTIVE

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

Launch Date	January 1995
Size of Fund	₦4.39 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(Oct 31)	-0.85%
Equity Beta	0.87

FUND ASSET ALLOCATION	FUND PERFORMANCE
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Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	18%	Underweight
Industrials	12%	Underweight
Consumers	9%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTN	10%	Overweight
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:

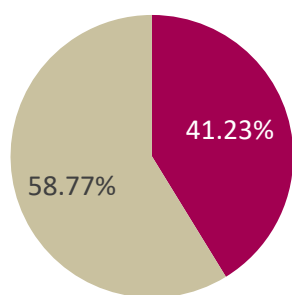
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

KEY FACTS

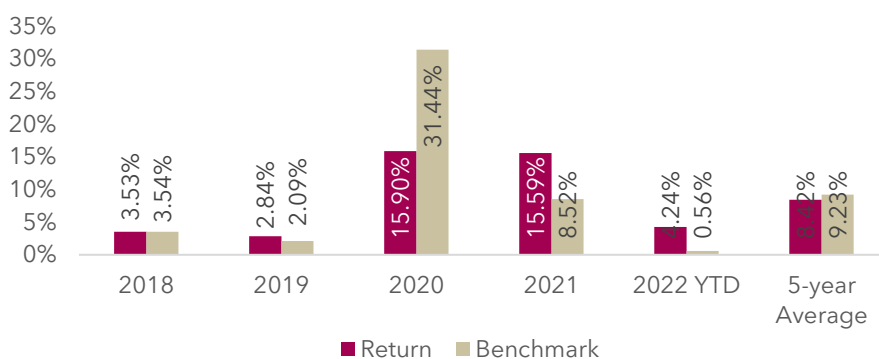
The ARM Ethical Fund is a Shari'ah compliant open-ended Islamic Fund.

Fund Structure	Open-Ended
Size of Fund	₦547.18 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(Oct 31)	+1.23%
Equity Beta	0.88

FUND ASSET ALLOCATION



FUND PERFORMANCE



■ Alternatives ■ Equities

■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	15%	Underweight
Consumer Goods	11%	Overweight
Telecoms	10%	Underweight

Top 3 Equity Exposures

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

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

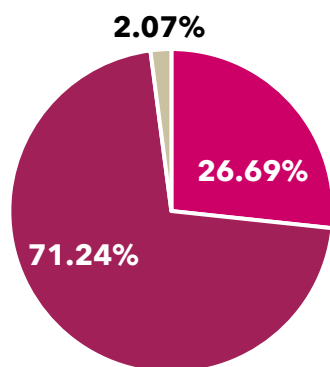
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

FUND OBJECTIVE

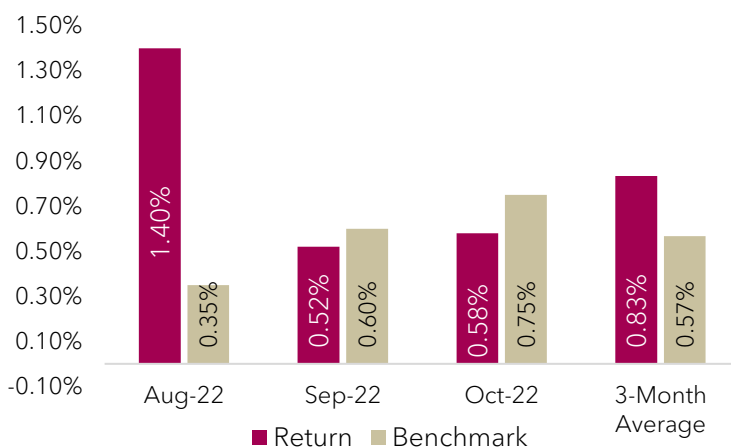
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

KEY FACTS

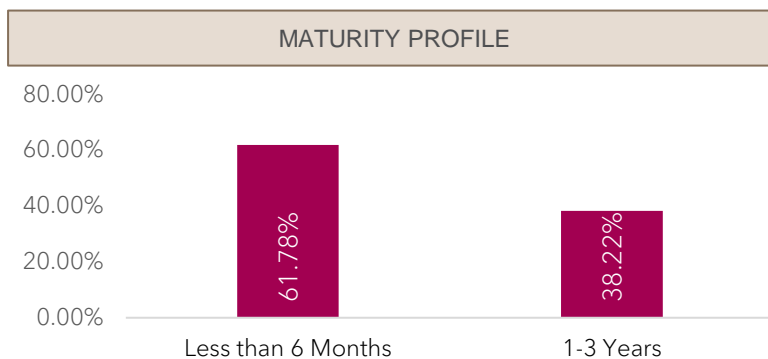
Launch Date	April 2022
Size of Fund	₦922.25 Million
Initial Investment Amount	₦10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Low - Medium
Monthly Relative Return(Oct 22)	-0.17%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Bonds
- Cash
- Short-Term Instruments



Fund Duration	0.76
Holding Yield	9.43%



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

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FUND STRUCTURE

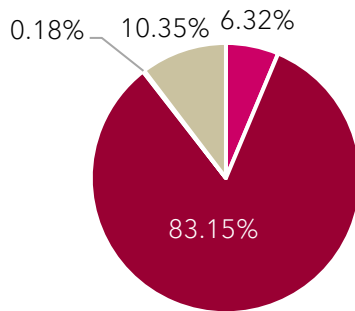
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

FUND OBJECTIVE

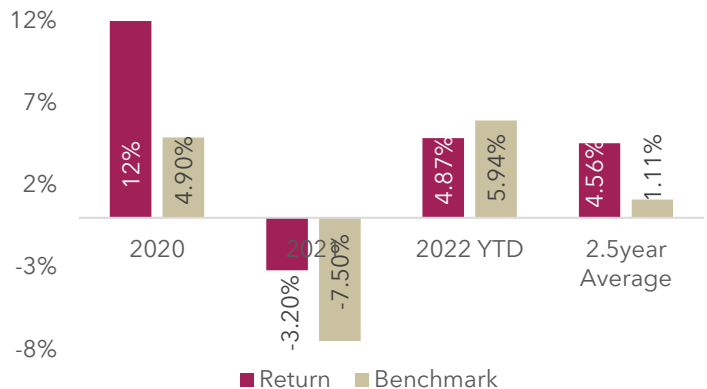
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

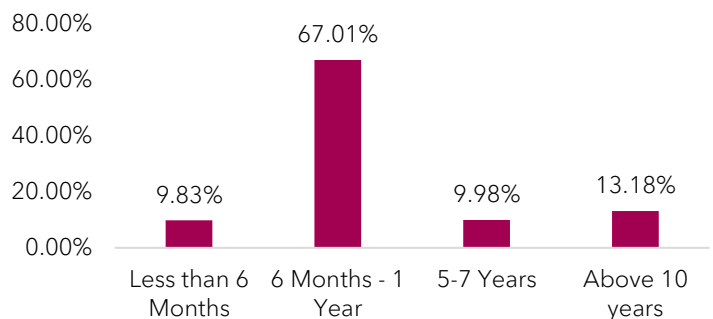
Launch Date	February 2020
Size of Fund	₦961.07m
Initial Investment Amount	₦5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium - High
Monthly Relative Return(Oct 22)	0.06%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Bonds
- Short Term Securities
- Cash
- SGN Bonds



MATURITY PROFILE



Fund Duration	1.63
Holding Yield	8.08%

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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.

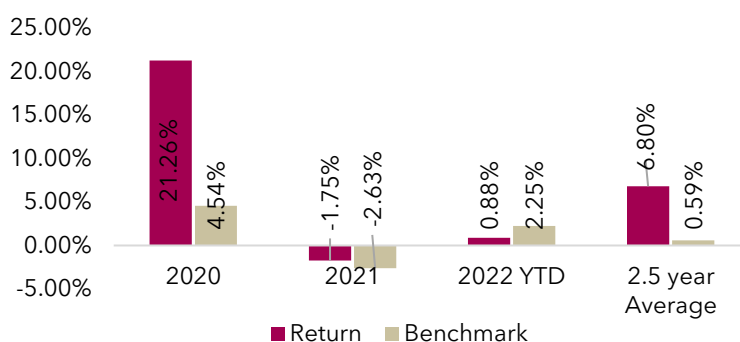
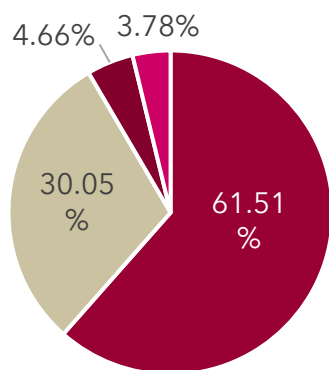
FUND OBJECTIVE

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	\$10.61 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(Oct 22)	-0.20%

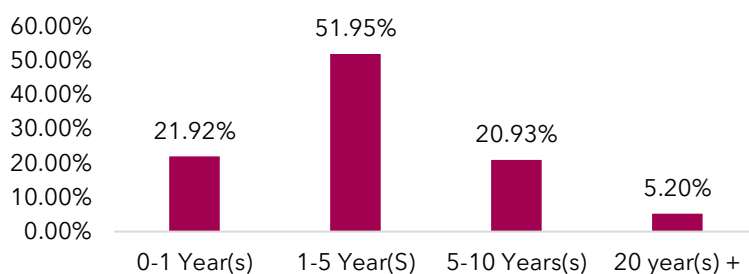
FUND ASSET ALLOCATION	FUND PERFORMANCE
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- FGN Eurobonds
- Corporate Eurobonds
- Short-term Instruments
- Cash

Fund Duration	3.49
Holding Yield	7.98%

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

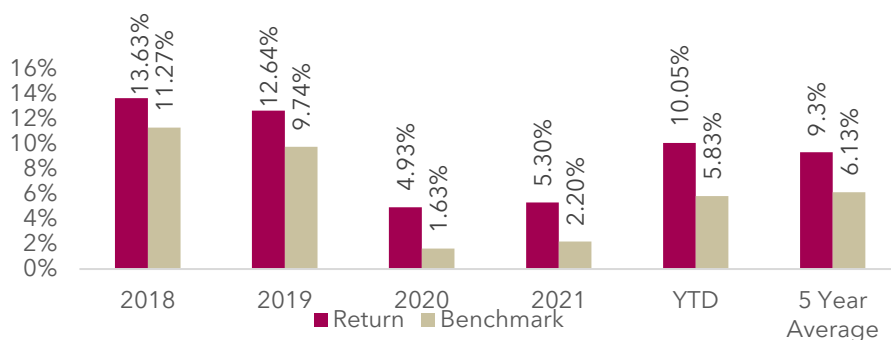
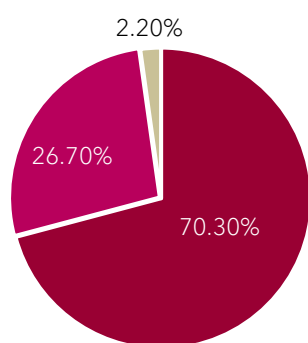
The primary objective of the Fund is to provide a steady stream of income to investors by investing in high-quality short-term money market instruments and government securities, which include; Banker's acceptances, certificates of deposits, commercial papers, Fixed Deposits with eligible financial institutions; 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

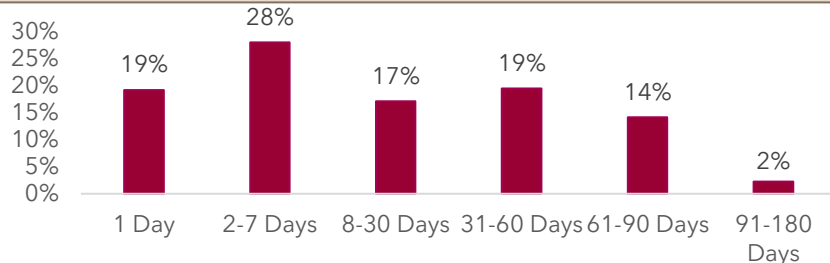
Launch Date	March 2013
Size of Fund	₦64.4 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Relative Return(Sept 22)	4.05%

FUND ASSET ALLOCATION

FUND PERFORMANCE



MATURITY PROFILE



- Short-term Instruments
- Government Securities
- Commercial Papers

GLOBAL MARKETS

As concerns about a possible global recession remain entrenched in the minds of investors, we believe market participants will continue to pay close attention to labour market data and inflation readings to gauge the policy actions of global central banks in their quest towards suppressing high levels of inflation. In the oil market, we think the pendulum will remain skewed towards supply chain constraints offsetting concerns about recession-induced slowing global demand for crude, which should keep Brent crude oil prices above a baseline estimate of \$95 in the month. Our view is underpinned by the recent production cut of 2 million barrels per day instituted by OPEC+ alongside the limited flow of energy products via the Nordstream pipelines. Although G7 nations are deliberating on imposing a fixed price cap on Russia's sea-borne oil shipments, we think the overall impact on crude oil prices will be limited given that the price cap will be referenced to global crude oil prices. Consequently, we think it is unlikely that there would be respite in sight to the energy challenges in the Eurozone. In the US, we believe market participants will continue to focus on the evolution of labour market data vis-à-vis inflation readings to gauge the policy action of the Federal Reserve. Overall, we expect volatility to continue to permeate across financial markets albeit at a moderate level as growing prospects that inflation might have peaked in US would likely improve risk on sentiments.

DOMESTIC MARKETS

EQUITY

With interest rate expectations still biased to the upside, we expect market sentiments to remain weak as investors continue to rebalance their portfolios towards the FI market to take advantage of attractive returns. In addition, we think the compression in margins evident in Q3 2022 corporate earnings, particularly for consumer goods companies would further exacerbate negative sentiments. Barring any positive surprises from heavyweight large caps stocks, we see scope for the local bourse to close in the red territory this month. Furthermore, as political activities take center stage in the build-up to the general elections in February 2023, we expect growing uncertainties among investors to subdue appetite for risk assets whilst FPIs continue exhibiting cold feet towards naira assets given troika impact of FX liquidity challenges, increased political risk and elevated global FI yields.

FIXED INCOME

Rates are expected to remain elevated in the fixed income market on the back of the persistently high inflation rate, and increased supply of debt instruments especially from corporate organizations looking to raise capital to support their liquidity needs. We believe that the lower maturity profile in the last few months of the year, coupled with the level of liquidity in the financial system, are likely to keep yields attractive in the fixed income market. In addition, the MPC is expected to maintain its hawkish policy stance for the rest of the year given the need to reduce inflationary pressures, and to mitigate capital flight from the economy given elevated yields in the global fixed income market.



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