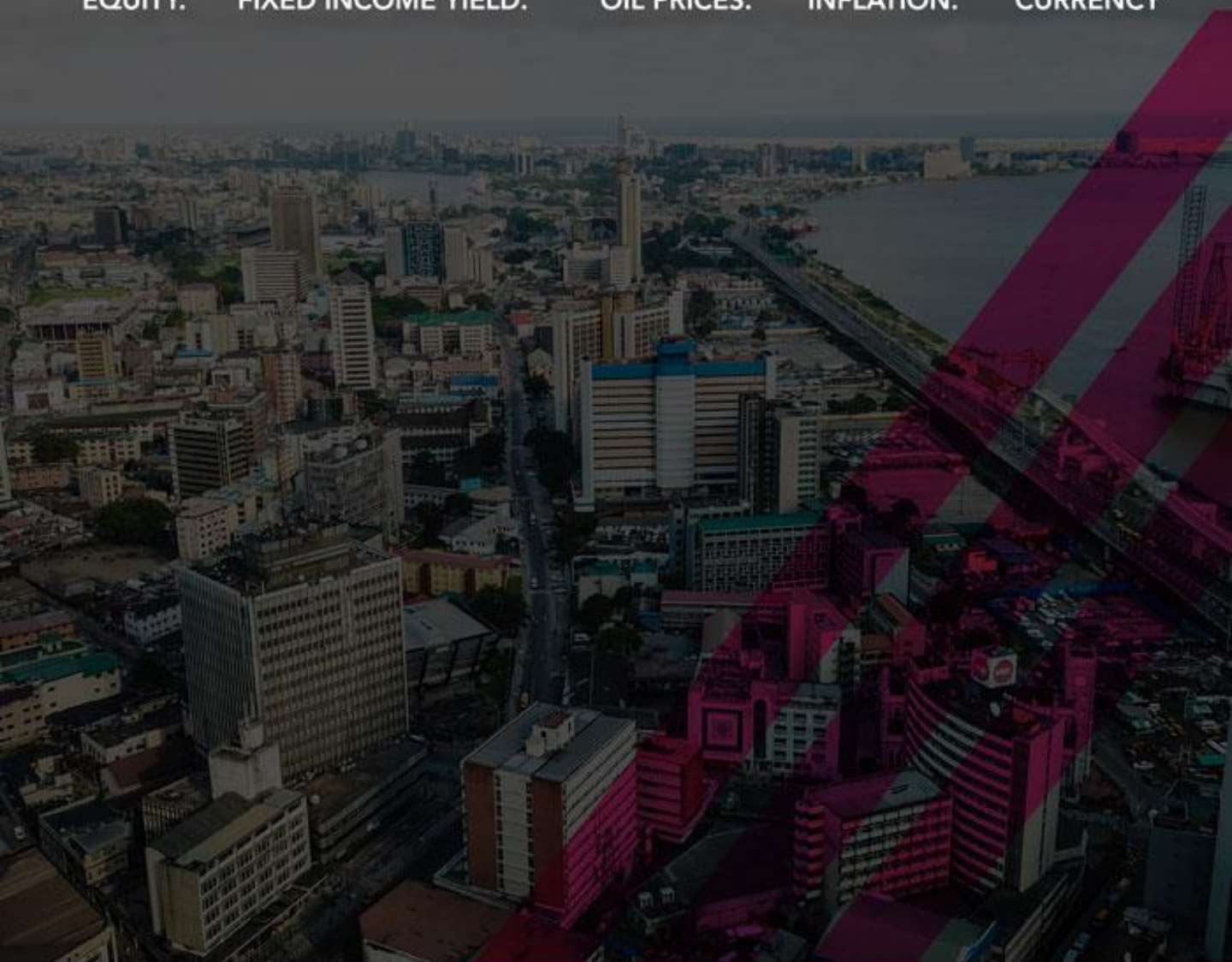




EQUITY. FIXED INCOME YIELD. OIL PRICES. INFLATION. CURRENCY



Mutual Funds Factsheet

December 2022

GLOBAL

- This has been a volatile year driven by the effects of the Russia- Ukraine war which has resulted in soaring commodity and energy prices leading to inflationary pressures. The ongoing recessionary fears and increasing Covid 19 cases in China continue to weigh on sentiments. The positive sentiments witnessed in November in the global markets were short-lived as most global equity markets recorded losses in December.
- Specifically, in the US equities market, the DJIA and S&P 500 lost 4.17% and 5.90% month-on-month in December, pushing the YTD loss to 8.8% and 19.4%. respectively. Similarly, global indexes across the European markets posted m/m losses, FTSE 100 (-1.60% m/m) and Stoxx 600 (-3.44% m/m). In the same vein, MSCI Emerging Markets and Frontier Markets Indices lost 1.64% and 1.61% m/m, respectively.
- The US Federal Reserve ended its December meeting by raising the benchmark interest rate by 50 basis points, lower than the 75 basis points increases from four previous meetings in 2022. This raised hopes of an easing in the pace and level of rate hikes going forward. At its final gathering of the year, the European Central Bank raised the key interest rates by 50 basis points. The Bank of England also raised Bank Rate by 50 basis points in response to the elevated inflation levels.
- At its last meeting of the year, the People's Bank of China (PBoC) voted to retain the key policy rate at 3.65% - marking the fourth consecutive meeting the Committee would keep the rate unchanged.
- In the oil market, OPEC+ on December 4 agreed to maintain its existing output policy (oil production cut of 2million barrels). This decision comes a day after G7 nations imposed a fixed price cap on Russia's sea-borne oil shipment.

DOMESTIC

- Following its initial directive, the Central Bank of Nigeria (CBN) revised its policy on cash withdrawal limits, increasing weekly withdrawals for individuals and corporate entities from N100,000 and N1,000,000 to N500, 0000 and N5,000,000, respectively.
- Africa's biggest economy was in the mud as a recent World Bank report (Nigeria Development Update) estimates that 80 million working-age Nigerians will not have full-time jobs in 2030 if the nation does not improve its employment rate. Beyond that, 23 million more Nigerians will live in extreme poverty by 2030 at the current poverty rate.
- Indeed, the past seven years have been unpleasant for the country. Not admitting the dire poverty conditions many Nigerians have fallen into would be a rare case of burying one's head in the sand like the proverbial ostrich.
- Still, at a 17-year high, headline inflation notched higher by 38 basis points to 21.47% y/y in November 2022, stemming from both food (up 40bps to 24.13%) and core basket (up 48bps to 18.24% y/y). In the same vein, while we have seen a m/m moderation in headline inflation in the past three months up to October, the reverse was the case in November as it rose by 15bps to 1.39% m/m.

FINANCIAL MARKET UPDATE

EQUITIES

- In December, the All Share Index gained 7.53% m/m, leading to the local bourse gaining 19.98% in 2022, and outperforming 2021's return of 6.07%. The positive outturn in 2022 was the major theme that distinguished 2022 from the last two pre-election years (2014: -16.1% and 2018: -17.8%).
- Corporate actions caused significant rally on some heavily weighted stocks, while low foreign participation in the local bourse made it less susceptible to external shocks.
- Performance from sector bellwethers such as AIRTELAFRICA (+71.20% y/y), BUACEMENT (+45.79% y/y), MTNN (+9.14% y/y), and BUAFOODS (+62.50% y/y) majorly buoyed positive movement. The y/y sectoral performance was mixed as the Oil & Gas index (+34.05% y/y) recorded the biggest gain, trailed by Industrial Goods (+19.67% y/y), and Banking (+2.81% y/y) indices.
- On the other hand, the uninspiring performance came from the Consumer Goods (-0.66% y/y) and Insurance (-11.99% y/y) sectors in 2022.

FIXED INCOME

- Increase in the financial system liquidity in the last month of the year drove yields downwards at both the primary and secondary markets for Treasury Bills and Bonds as buying interest increased in a bid to invest the funds before year end.
- At the NTB Primary Market Auctions held within the month, average stop rates dipped by 203 basis points to 7.62%, driven mostly by a 372 basis points decline in the 364-day stop rates to 10.47%. Rates on the 91-day and 182-day maturities also declined by 159 basis points and 57 basis points to 4.91% and 7.48% respectively. At the December bond auction, average yield declined by 33 basis points month-on-month to 15.05%.
- The high liquidity in the financial system also reflected in the FGN secondary market for bonds as average yield dipped by 72 basis points to 12.41%. Similarly in the secondary market for Treasury Bills, average yield declined by 277 basis points to 7.98%.

FUND STRUCTURE

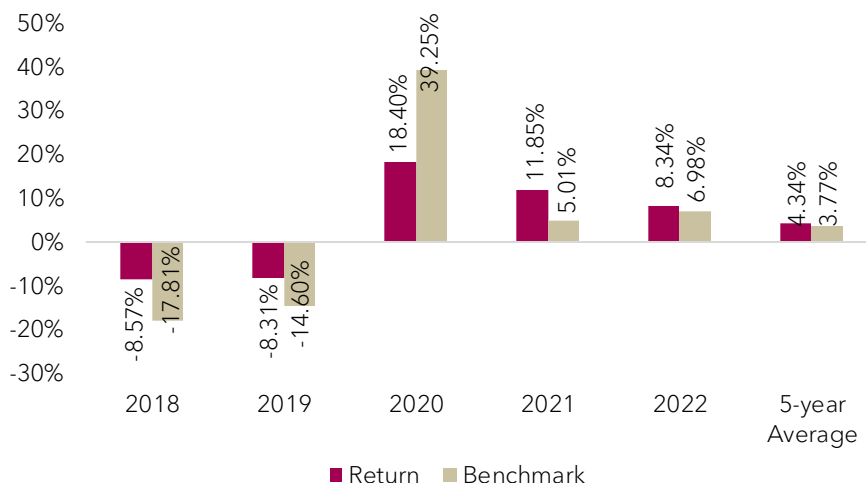
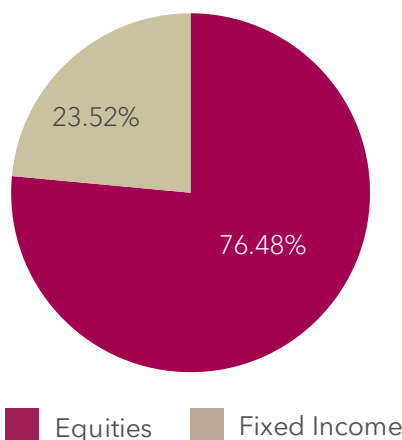
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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 Exchange Group 30 Index (NGX30)
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	High
Monthly Relative Return (Dec)	-2.05%
Equity Beta	0.81
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	23%	Underweight
Telecoms	19%	Underweight
Financial Services	15%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	16%	Overweight
DANGCEM	12%	Underweight
BUACEMENT	9%	Underweight

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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.

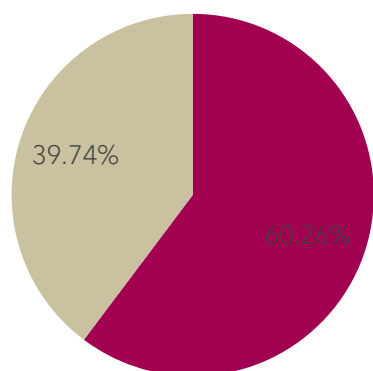
FUND OBJECTIVE

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

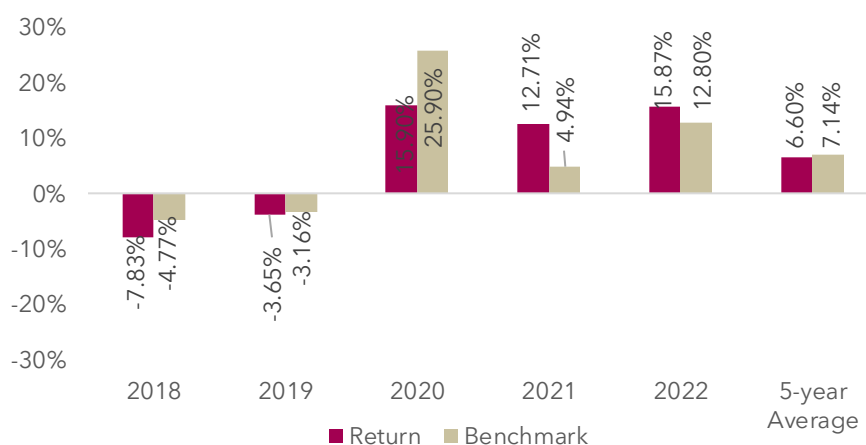
KEY FACTS

Launch Date	January 1995
Size of Fund	₦4.58 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 NGX 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 (Dec)	2.82%
Equity Beta	0.89

FUND ASSET ALLOCATION	FUND PERFORMANCE
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■ Equity ■ Fixed Income



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	21%	Underweight
Industrials	13%	Underweight
Consumers	8%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTN	11%	Overweight
AIRTEL	10%	Underweight
DANGCEM	8%	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.

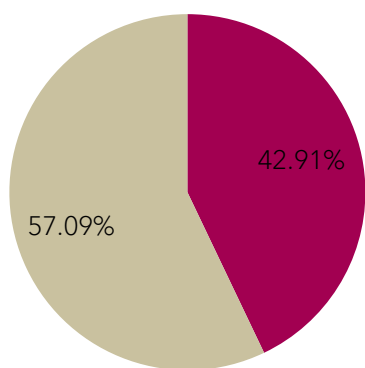
KEY FACTS

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

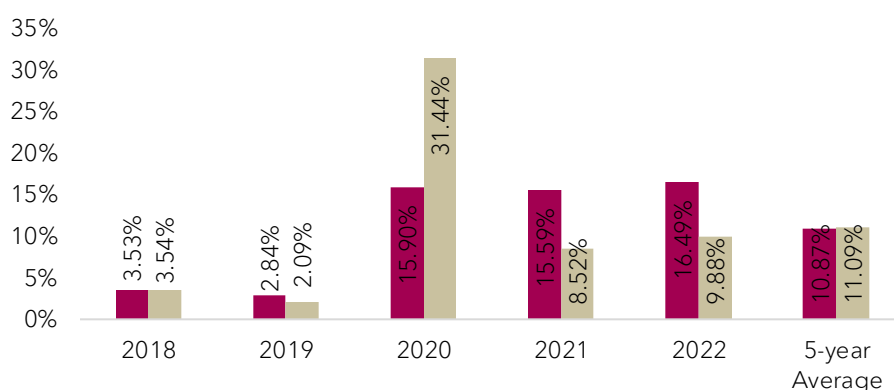
Fund Structure	Open-Ended
Size of Fund	₦590.92 Million
Nominal Value	₦20.00/Unit
Initial Investment Amount	₦10,000.00
Management Fee	1.5% of NAV
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Trustee	Royal Exchange Plc.
Custodian	Rand Merchant Bank
Risk Profile	Medium
Monthly Relative Return (Dec)	+4.50%
Equity Beta	0.90

FUND ASSET ALLOCATION

FUND PERFORMANCE



■ Alternatives ■ Equities



■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	16%	Underweight
Telecoms	11%	Underweight
Consumer Goods	9%	Overweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	8%	Underweight
BUACEMENT	7%	Underweight
AIRTELAFRICA	6%	Underweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

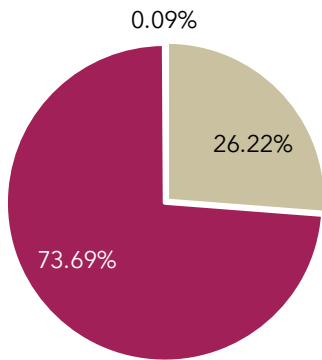
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

FUND OBJECTIVE

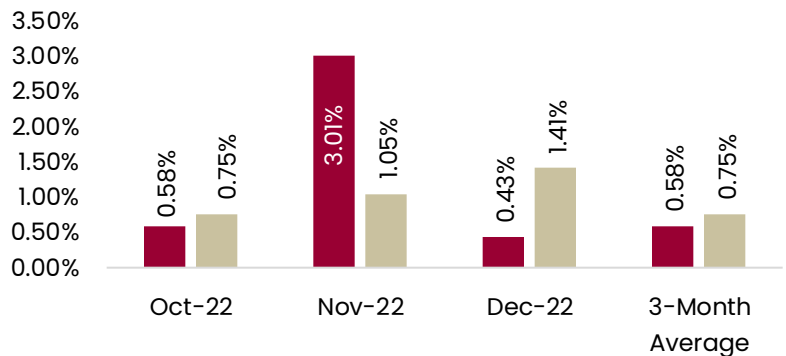
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

KEY FACTS

Launch Date	April 2022
Size of Fund	₦893.28 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(Dec)	-0.99%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Bonds
- Short-Term Instruments
- Cash



- Return
- Benchmark

Fund Duration	0.62
Holding Yield	9.51%

MATURITY PROFILE



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

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FUND STRUCTURE

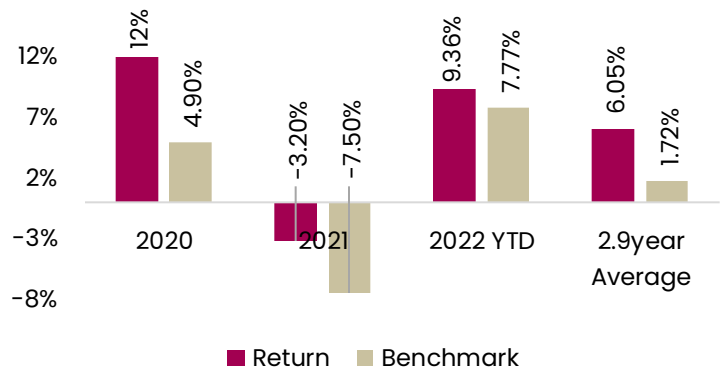
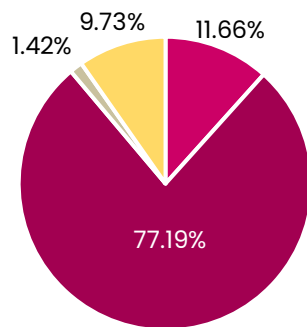
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

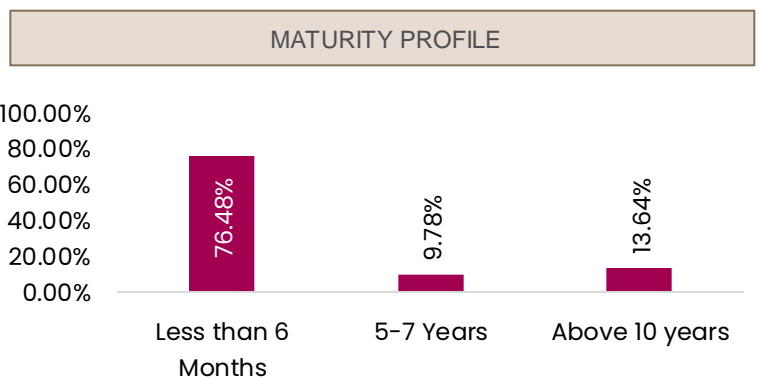
KEY FACTS

Launch Date	February 2020
Size of Fund	₦1026.4m
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 (Dec)	2.64%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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

Fund Duration	1.41
Holding Yield	8.66%



FUND STRUCTURE

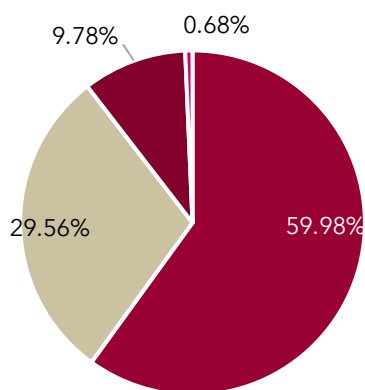
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

FUND OBJECTIVE

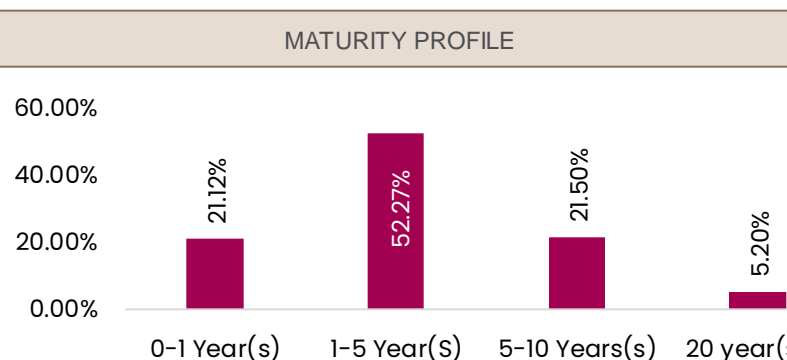
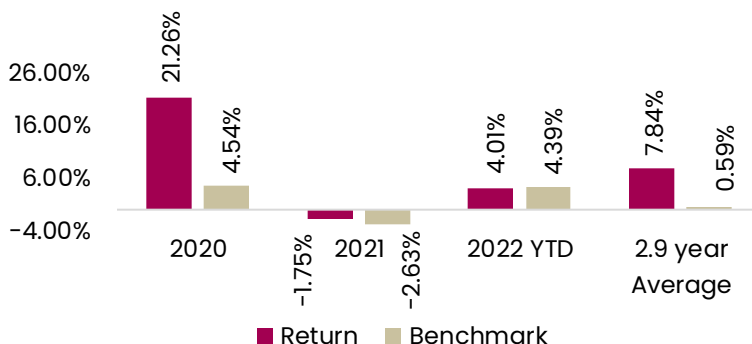
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

KEY FACTS

Launch Date	February 2020
Size of Fund	\$10.99 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 (Dec)	2.11%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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



Fund Duration	3.22
Holding Yield	7.08%

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).

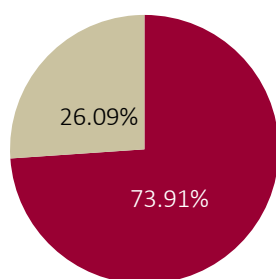
FUND OBJECTIVE

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.

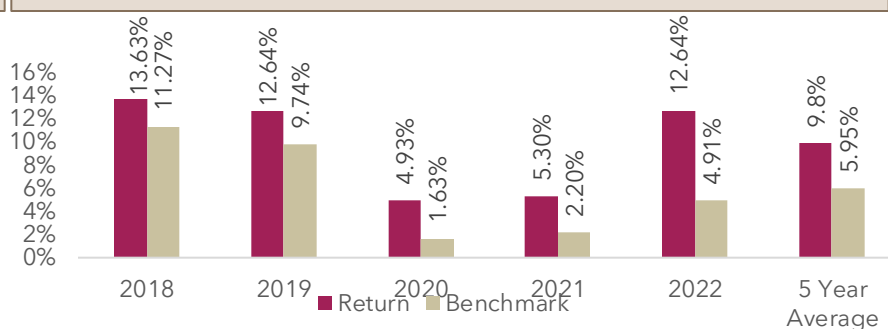
KEY FACTS

Launch Date	March 2013
Size of Fund	₦67.7 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 (Dec)	7.73%

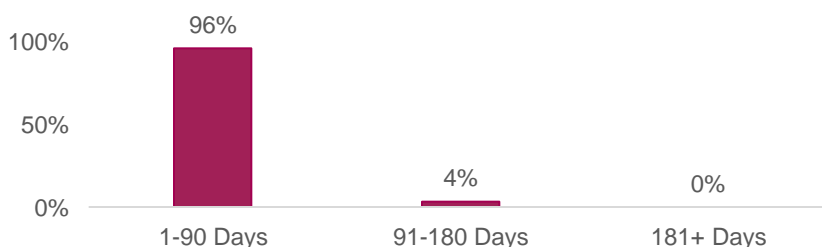
FUND ASSET ALLOCATION



FUND PERFORMANCE



MATURITY PROFILE



- Short-term Instruments
- Commercial Papers
- Government Securities

'GLOBAL MARKETS

Brewing fears of a global recession in 2023 will continue to dominate major economic headlines. Looking into 2023, we expect volatility to persist in the global financial markets. Although, central banks have been forced to reassess their policy actions following the effect of rate increases on economic conditions, and as policy rates approach their peaks in 2023, we expect a shift in the market focus from policy tightening to its impact on activity. As global demand wanes, falling house prices, among other factors, will assist in cooling inflation, causing major central banks to remove pedals from their recent historic series of rate rises.

DOMESTIC MARKETS

EQUITY

Although the positive momentum recorded at the close of the year is expected to continue into January as investors take position ahead of corporate actions, we expect a month-on-month decline as investors take profit on stocks that have gained significantly.

Barring heightened risks in the run-up to the elections in February, the key factors expected to drive the equities market are system liquidity and earnings results with dividend announcements. We expect that domestic investors will continue to dominate the market as the share of domestic investors' participation stood at 86.2% in November 2022 relative to foreign investors (13.8%).

FIXED INCOME

Given that the financial system closed the year 2022 with high liquidity, we expect liquidity to remain buoyant in January due to the significant maturity expected in Q1. As such, yields in the fixed income market are expected to moderate in January driven by significant demand from investors.

On the supply side, we expect significant increase in local borrowing by the DMO in 2023 based on the approved budget, while corporate issuers are also expected to take advantage of the yield decline to borrow at cheaper rates from the local market. On average, demand is expected to outweigh supply barring any significant liquidity management measures by the CBN.



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