

EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

January 2023

MACRO ECONOMIC UPDATE

GLOBAL

- Buoyed by the recent slowdown in the pace of inflation rate, the expectation of a soft landing has emerged, as the US Q4 2022 GDP performance (+2.9%) trounced the estimated +2.8%, and the 0.1% performance recorded in the Euro-area, thus spurring capital market sentiments
- The Federal Reserve, however, continued its hawkish monetary policy trend as it hiked policy rate by 0.25% in January. Likewise, the European Central Bank (ECB) hiked rate by 50bps in January as they continued to combat inflation in the region amid the ongoing war in Eastern Europe
- We observed sustained optimism in markets across North America and Europe in January, as NASDAQ, S&P 500, STOXX, CAC40, DAX, and RUSSEL 100 indices all posted positive results in the period.
- In Asia Pacific, the Chinese government continued to relax the zero-covid policy that grounded the economy in 2022, while in Japan, the yen continues to plummet as rate hikes persist in other advanced economies.
- In January, we noted the drop in OPEC's crude production volume by 60,000bpd, underpinned majorly by a 100,000bpd decline in Saudi's output.

DOMESTIC

- The CBN extends the deadline for depositing the older version of the NGN200, NGN500, and NGN1000 notes to February 10, 2023, amid concerns about the elevated probabilities of massive default. The apex bank has also stated that notes not deposited before the deadline would be receivable at the central bank.
- Nigeria's crude oil production improved in December 2022, moving from 1.17mbpd in November to 1.27mbpd within the period, signaling improved outlook for accretion to the external reserve.
- Headline inflation continued to grow, posting 21.34% YoY in December 2022. This was a little shy off the November 2022 figure which posted at 21.47% YoY performance, the first disinflation reported in 11 eleven months.
- Purchasing Manager's Index for January, showed a slowdown in economic activities within the expansion region, as it fell to 53.5 from an eight months high of 54.6 in December 2022.

FINANCIAL MARKET UPDATE

EQUITIES

- In January, we saw the bullish sentiment from December 2022 persists, as the NGX ASI recorded 4.39% ytd performance.
- On a sectoral basis, the Industrial (+2.14% ytd), Consumer Goods (+5.64% ytd), Oil and Gas (+5.41% ytd), Insurance (+5.36% ytd), and Banking (+7.51% ytd) sectors all closed in the positive territory.
- The positive performance can be attributed to a combination of bullish sentiments within the fixed income space given high liquidity, and the low valuations that has permeated the equities market in recent years.
- Major moves were largely seen on the NGX30, as investors sought to capitalize on the low valuations on bellwether tickers to mitigate the prevailing uncertainties in the market.

FIXED INCOME

- The sovereign fixed income market was largely bullish in January as elevated financial system liquidity overpowered issuances to force a downtrend. More than NGN3trn is expected to hit the market from coupons and maturities in Q1:2023.
- Average stop rates at the NTB auctions in January dipped significantly to 2.29% from the 6.13% recorded at the last auction in December 2022. The 182-day instrument declined the most in the period by 535bps. This bullish sentiment was also reflected in the secondary NT-Bills market as average rates in the month had declined to 2.79%.
- The FGN Bonds market also recorded similar developments, albeit at a lower magnitude, considering that average yields at the primary market auction held in January declined to 14.90% from 15.05% in December 2022. Average yields in the secondary market also closed lower at 13.35%, as yields on bonds at the short end of the curve declined significantly.



FUND STRUCTURE

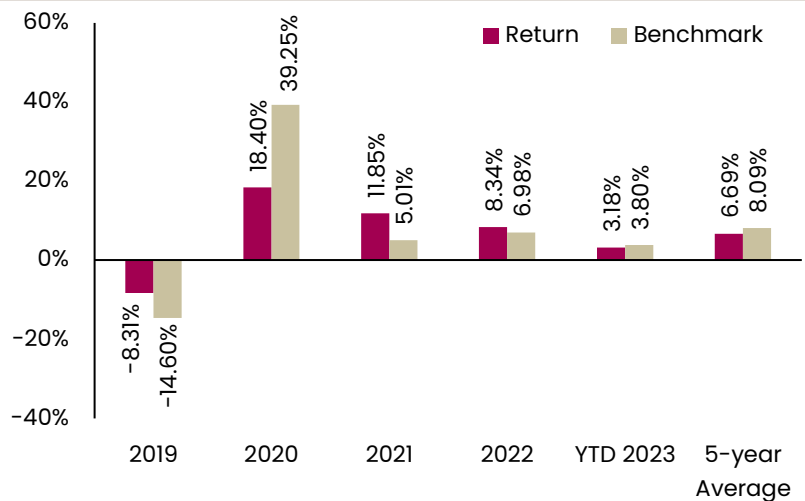
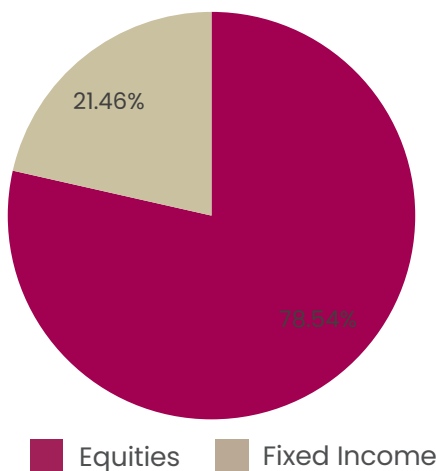
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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	₦2.40 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 (Jan)	-0.61%
Equity Beta	0.83
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	22%	Underweight
Telecoms	22%	Underweight
Financial Services	15%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	16%	Underweight
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.

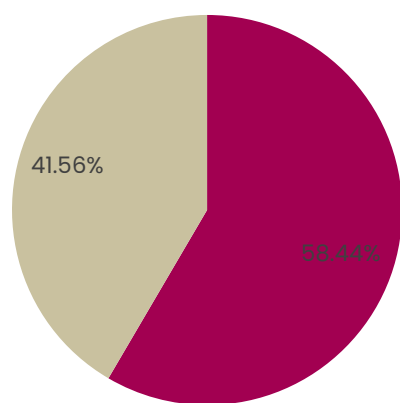
FUND OBJECTIVE

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

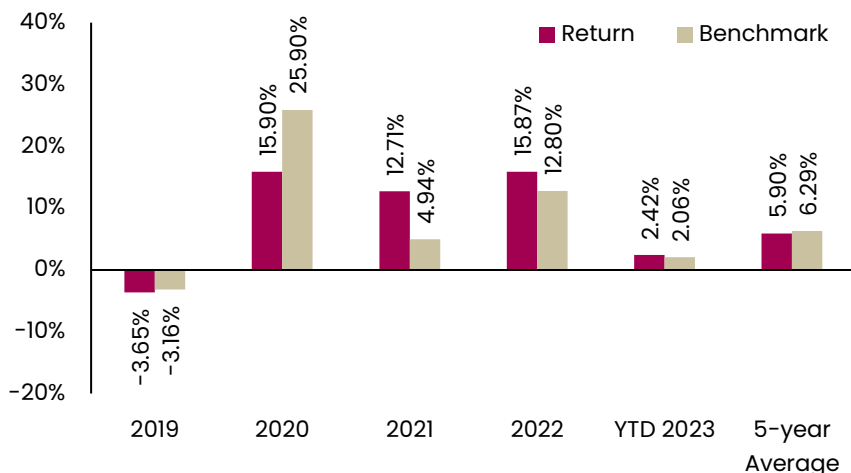
Launch Date	January 1995
Size of Fund	₦4.89 Billion
Memorandum Listings	April 2002
Initial Investment Amount	₦10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of NGX ASI and FMAN 91-day Average T-Bill rate.
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	Medium
Monthly Relative Return (Jan)	0.37%
Equity Beta	0.91

FUND ASSET ALLOCATION



■ Equity ■ Fixed Income

FUND PERFORMANCE



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	20%	Underweight
Industrials	12%	Underweight
Consumers	8%	Underweight

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

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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

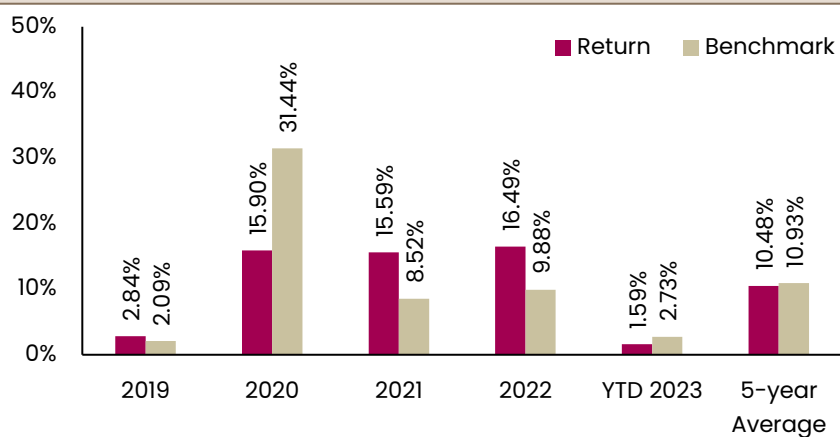
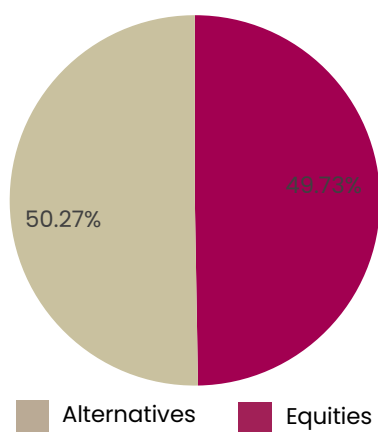
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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	₦592.53 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 (Jan)	-1.13%
Equity Beta	0.90
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	16%	Overweight
Telecoms	12%	Underweight
Consumer Goods	10%	Underweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	8%	Overweight
BUACEMENT	7%	Overweight
AIRTELAFRICA	6%	Underweight

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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.

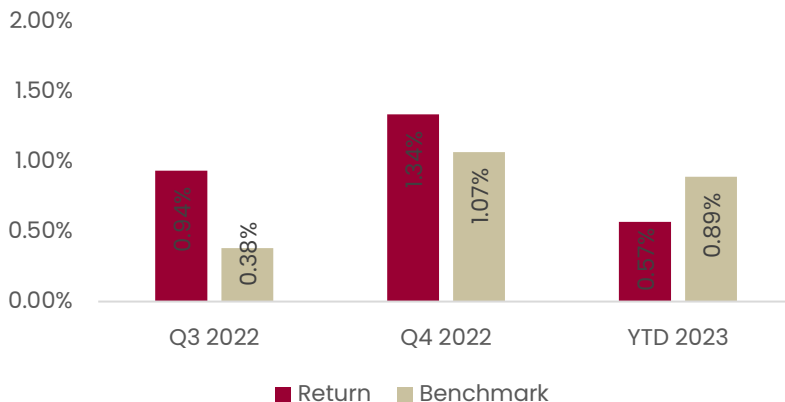
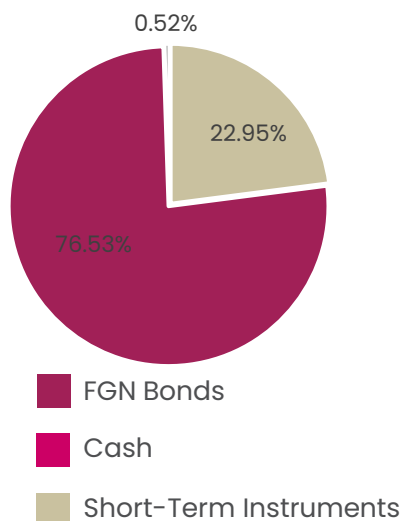
FUND OBJECTIVE

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.

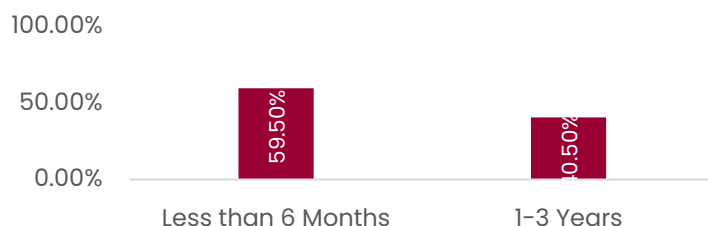
KEY FACTS

Launch Date	April 2022
Size of Fund	₦866.96 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 (Jan)	-0.32%

FUND ASSET ALLOCATION	FUND PERFORMANCE
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MATURITY PROFILE



Fund Duration	0.62
Holding Yield	8.22%

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

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FUND STRUCTURE

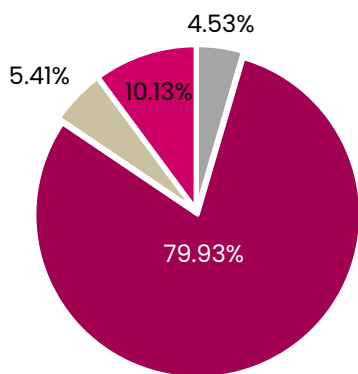
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

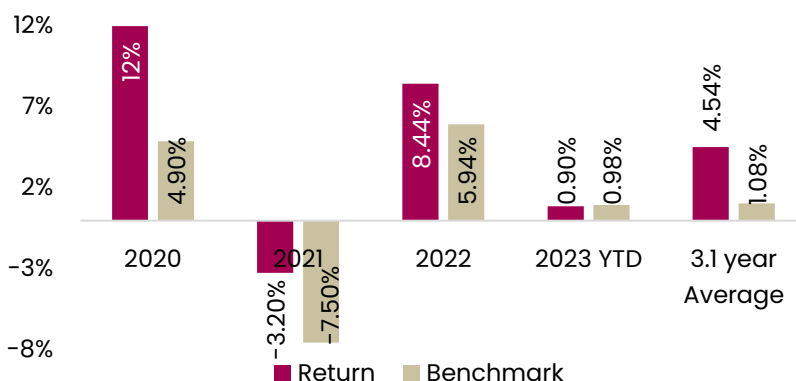
KEY FACTS

Launch Date	February 2020
Size of Fund	₦1.00 Billion
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 (Jan)	-0.08%
FUND ASSET ALLOCATION	FUND PERFORMANCE

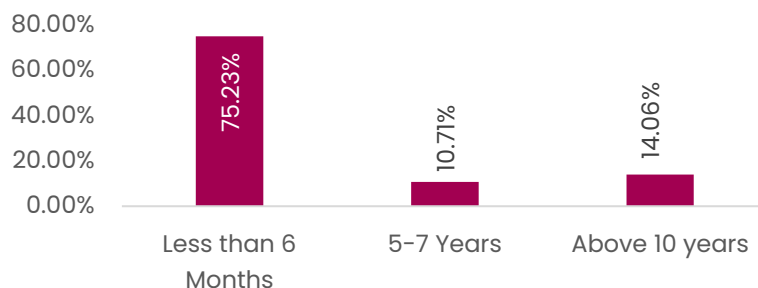


- FGN Bonds
- Cash
- Short Term Securities
- SGN Bonds

Fund Duration	1.16
Holding Yield	7.29%



MATURITY PROFILE





FUND STRUCTURE

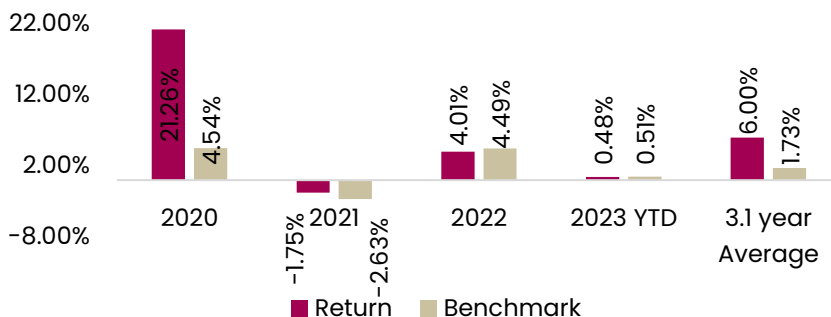
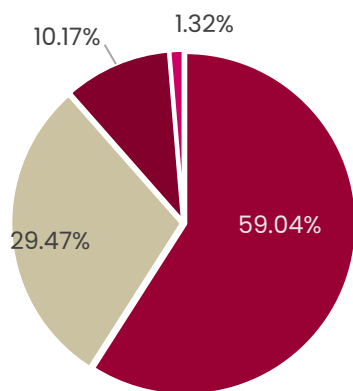
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

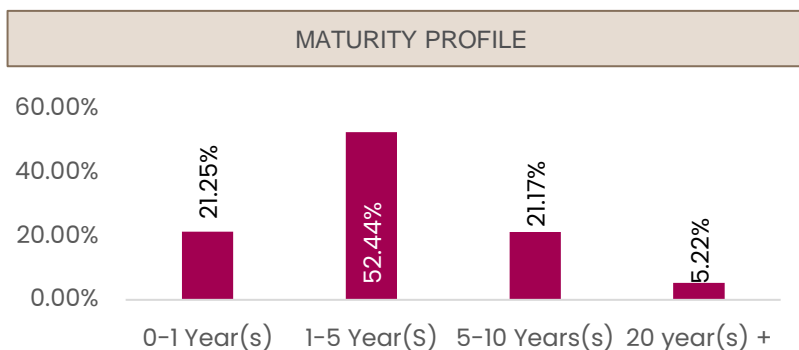
KEY FACTS

Launch Date	February 2020
Size of Fund	\$11.16 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 (Jan)	-0.03%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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

Fund Duration	2.85
Holding Yield	8.36%



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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).

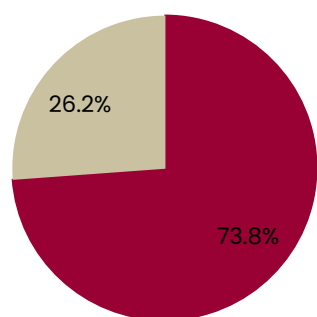
FUND OBJECTIVE

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

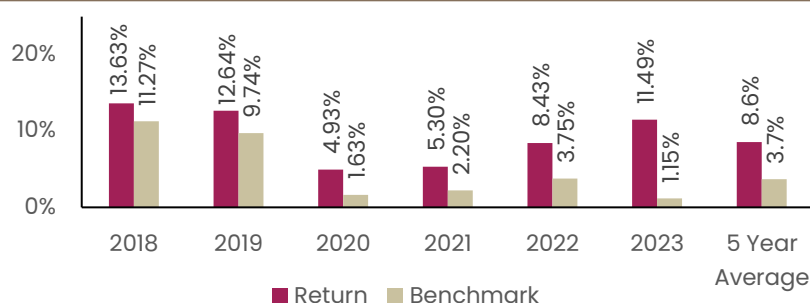
Launch Date	March 2013
Size of Fund	₦ 73.62 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Relative Return (Jan)	9.09%

FUND ASSET ALLOCATION

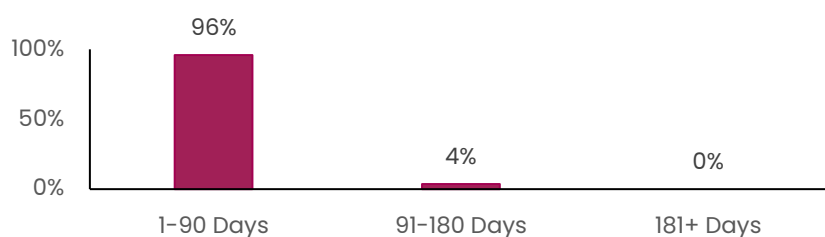


- Short-term Instruments
- Government Securities

FUND PERFORMANCE



MATURITY PROFILE



GLOBAL MARKETS

Although recent developments within the global economy with respect to inflation and Q3:2022 GDP performances have spurred significant optimism, the inherent macroeconomic issues prevail. We observed that current CPI remains a far cry from the targeted 2% in the United States (US) for instance, and that energy cost outlook remains elevated. We believe that this development could anchor a recessionary turn, and given the trajectory of output and consumption, the chances of a recession in 2023 is still high. We also note that policy rate hikes would flow into the latter half of 2023.

DOMESTIC MARKETS

EQUITY

We expect that the low fixed income yield environment will incentivize a risk-on sentiment, which could engender further institutional rotation towards the equities market. This, coupled with the expectation of corporate actions should keep the space afloat in February 2023. We expect the traction from institutional investors to further deepen domestic participation in the local bourse.

FIXED INCOME

We expect liquidity to remain buoyant in Q1 2023 due to the significant maturity expected in the financial system and given that the financial system closed the year 2022 with high liquidity. As such, yields in the fixed income market are expected to moderate in February driven by significant demand from investors.

In that light, we expect issuers to take advantage of the envisaged yields decline in the fixed income market to raise debt capital from the market in order to finance their working capital requirements. Similarly, increased borrowing is expected from the DMO in Q1 driven by the recently assented record budget deficit.

Barring any significant liquidity management measures by the CBN, we expect demand for fixed income instruments to outweigh supply in February. We also believe that given the need to bring inflation rate under control, the probability of discretionary cash reserve injection into the economy is low.



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