



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

February 2023

MACRO ECONOMIC UPDATE



GLOBAL

- As inflation sustains an uptrend albeit at a tepid pace compared to last year, major central banks continue to implement tight monetary policies in a bid to curb inflation. The US 10-year and 2-year treasury yields rose during the month, a reflection of an interest rate repricing as investors expect the US Fed to hike rates by at least 25bps in the next meeting in March.
- Headline Inflation in the 19 member states in Eurozone eased to 8.5% YoY in February (vs 8.6% YoY in January 2023). The European Central Bank hinted at another 50bps interest rate hike at the next meeting as inflation remains well above the 2.0% target rate. We do not expect a dovish policy from the ECB in Q1 2023.
- Markets across North America and Europe sustain a bullish trend in February. Major Indices such as S&P 500 (+3.40%) STOXX (+11.72%), CAC40 (+12.27%), DAX (+10.35%), and RUSSELL 1000 (+1.11%) indices all posted positive year-to-date returns in February. Also, major indices in Asia, such as the Nikkei 225 (+5.18%) and SHCOMP (+6.16%) witnessed a bullish run.
- Activities in China remain strong amid the removal of COVID-19 restrictions. The Caixin/S&P Global services purchasing managers' index (PMI) rose to 55.0pts in February from 52.9pts in January 2023. The manufacturing purchasing managers' index (PMI) also advanced to 52.6pts in February from 50.1pts in January 2023. Analysts expect the resumption of economic activities in the world's second-largest economy to drive energy prices higher.
- In February, OPEC's crude oil production volume increased by 120,000bpd. This was majorly driven by a rebound in Nigeria's production output. Nigeria accounted for two-thirds of the rise in OPEC's oil production as its output hit a one-year high of 1.44MMbpd.

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 an improved outlook for accretion to the external reserve.
- Headline inflation continued to grow, posting 21.82% YoY in January 2023. This came out steeper than the 21.34% YoY recorded in December 2022 when it appeared like a period of sustained disinflation was emerging.
- 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-month high of 54.6 in December 2022.

FINANCIAL MARKET UPDATE

EQUITIES

- In February, the bulls sustained their dominance in the equities market as the Nigerian bourse recorded ytd performance of 8.89%. The NGX ASI closed at 55,806.26 points (the highest since 2008).
- On a sectoral basis, the Industrial Goods (+4.77% ytd), Consumer Goods (+14.34% ytd), Oil and Gas (+22.25% ytd), Insurance (+2.98% ytd), and Banking (+11.80% ytd) sectors all closed on a positive note.
- We noticed that activities in the market were bolstered by the release of 2022FY earnings results as investors hunt for stocks with high dividend returns. Also, low yields in the fixed income market and robust liquidity continue to drive traction towards the equities market.

FIXED INCOME

- The fixed income market was largely bearish in February relative to January as financial system liquidity moderated slightly.
- Average stop rates at the NTB auctions in February slipped to 3.13% from 3.42% for January auctions. Whilst we witnessed a marginal uptick in average stop rates for the 91-day and 364-day instruments in the period, the average stop rate for the 182-day instrument declined further by 130bps. The secondary NT-Bills market was rather bearish, as average yields rose to 4.04% from 1.74%.
- At the FGN primary bond auction, the average stop rate rose from 15.15% in January 2023 to 15.20% in February. However, in the secondary bonds market, average yields closed lower at 13.24%, as yields on bonds at the short and mid-end of the curve declined.

FUND STRUCTURE

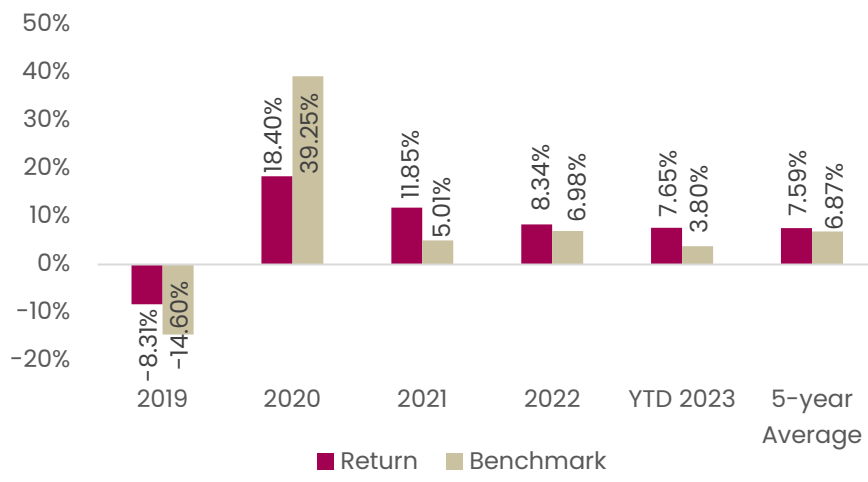
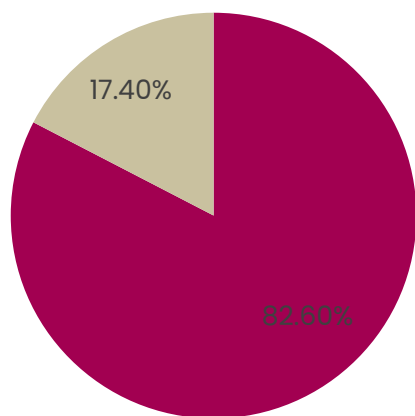
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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	₦2.50 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 (Feb)	1.36%
Equity Beta	0.85
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Equities ■ Fixed Income

■ Return ■ Benchmark

Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	25%	Underweight
Industrials	22%	Underweight
Financial Services	16%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	17%	Overweight
DANGCEM	12%	Underweight
AIRTELAFRICA	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.

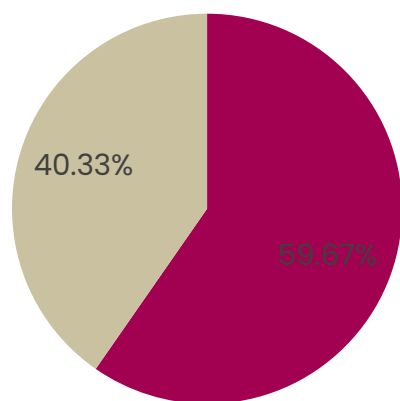
FUND OBJECTIVE

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

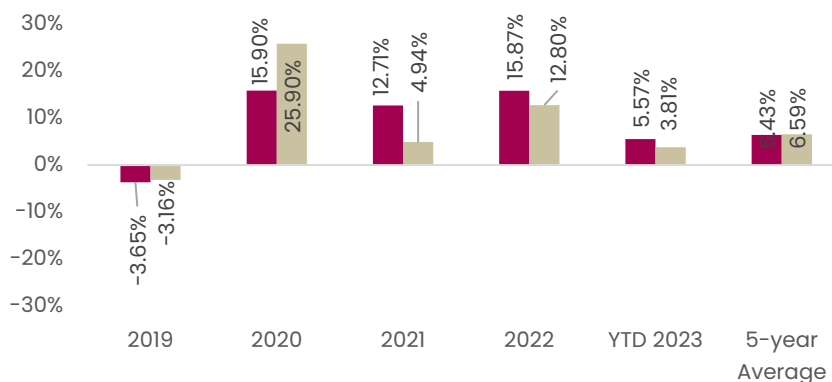
KEY FACTS

Launch Date	January 1995
Size of Fund	₦5.04 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 (Feb)	1.36%
Equity Beta	0.89

FUND ASSET ALLOCATION



FUND PERFORMANCE



■ Equity ■ Fixed Income

■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	21%	Underweight
Industrials	13%	Underweight
Financial Services	9%	Overweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	11%	Overweight
AIRTEL	9%	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

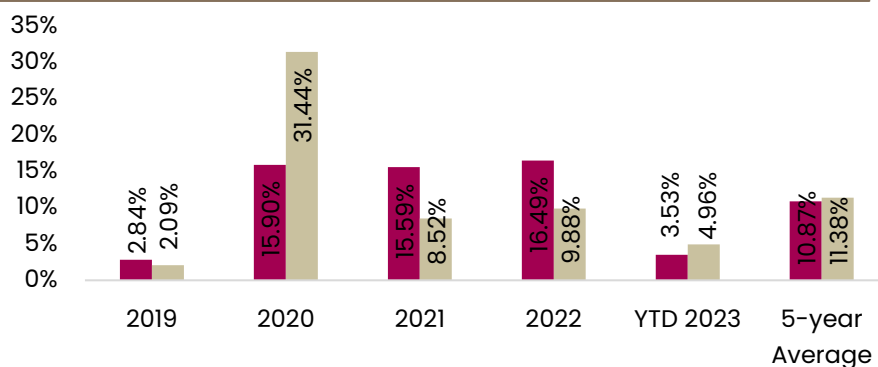
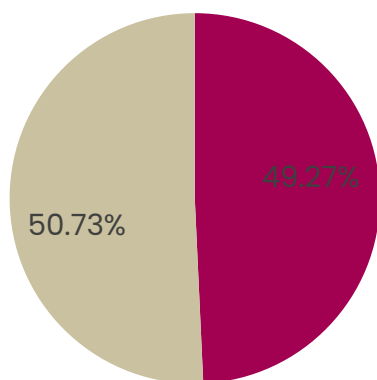
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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	₦631.57 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 (Feb)	1.67%
Equity Beta	0.94
FUND ASSET ALLOCATION	FUND PERFORMANCE



Alternatives Equities

Return Benchmark

Top 3 Equity Sector Exposures

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

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
AIRTELAFRICA	9%	Overweight
DANGCEM	8%	Overweight
BUACEMENT	7%	Overweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

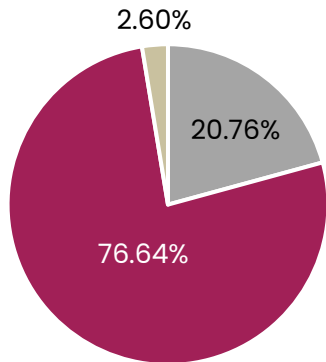
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

FUND OBJECTIVE

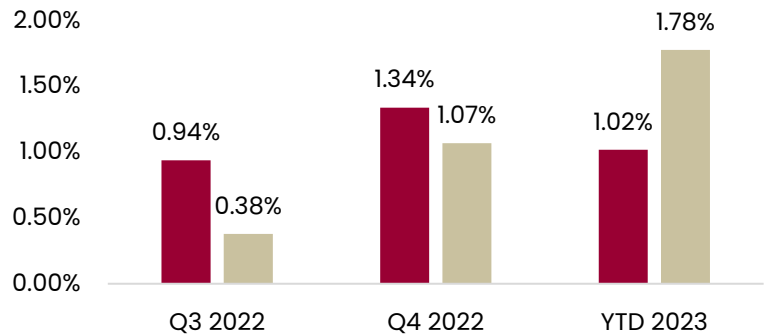
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

KEY FACTS

Launch Date	April 2022
Size of Fund	₦870.65 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 (Feb)	-0.43%
FUND ASSET ALLOCATION	FUND PERFORMANCE



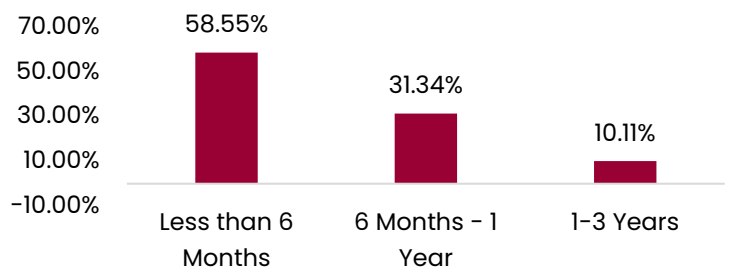
- FGN Bonds
- Cash
- Short-Term Instruments



■ Return ■ Benchmark

Fund Duration	0.53
Holding Yield	8.76%

MATURITY PROFILE



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

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ARM FIXED INCOME FUND



FUND STRUCTURE

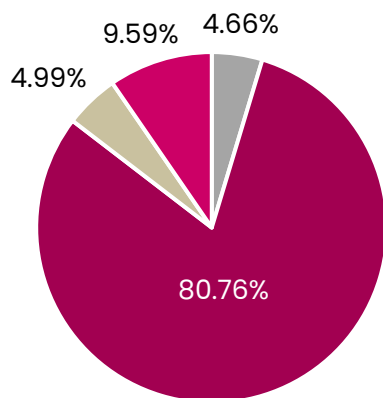
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

FUND OBJECTIVE

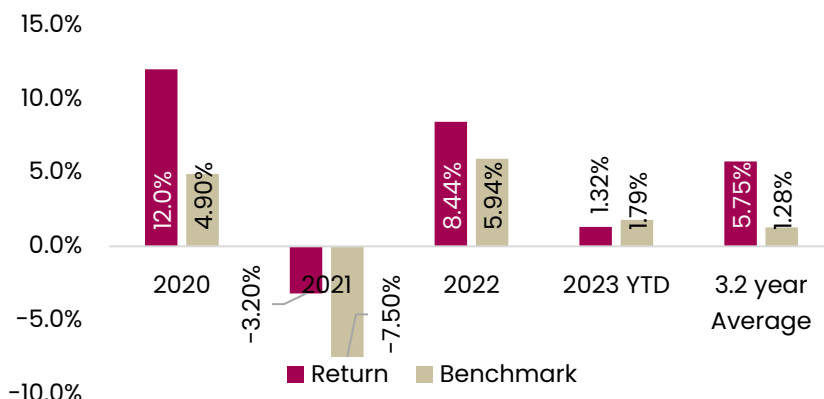
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

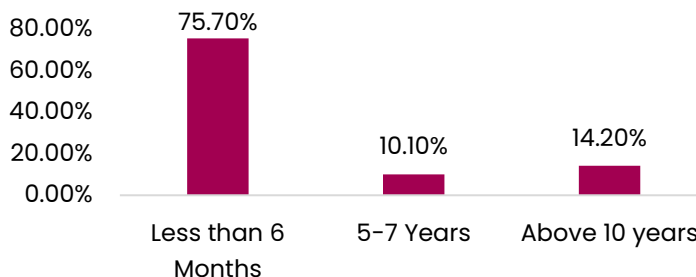
Launch Date	February 2020
Size of Fund	₦997.77 Million
Initial Investment Amount	₦5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium - High
Monthly Relative Return (Jan)	-0.39%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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



MATURITY PROFILE



Fund Duration	1.37
Holding Yield	8.01%

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FUND STRUCTURE

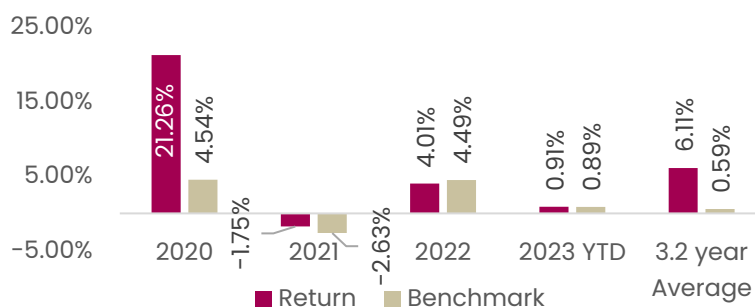
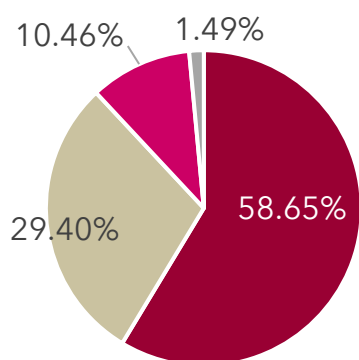
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

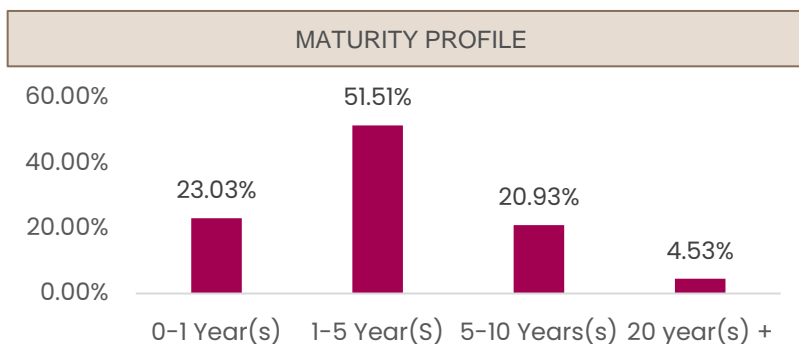
KEY FACTS

Launch Date	February 2020
Size of Fund	\$11.22 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 (Feb)	0.04%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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

Fund Duration	3.12
Holding Yield	7.8%



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).

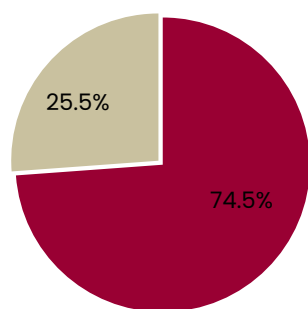
FUND OBJECTIVE

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

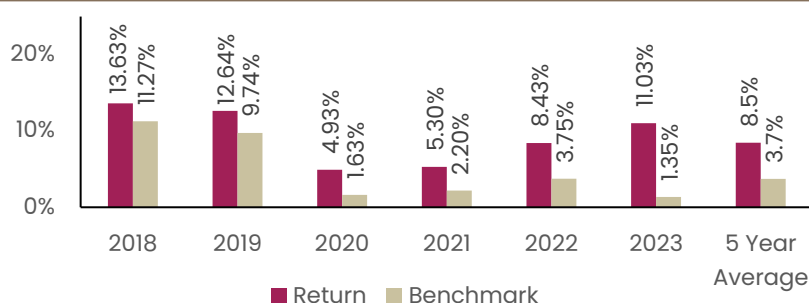
Launch Date	March 2013
Size of Fund	₦ 73.62 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Relative Return (Feb)	8.97%

FUND ASSET ALLOCATION

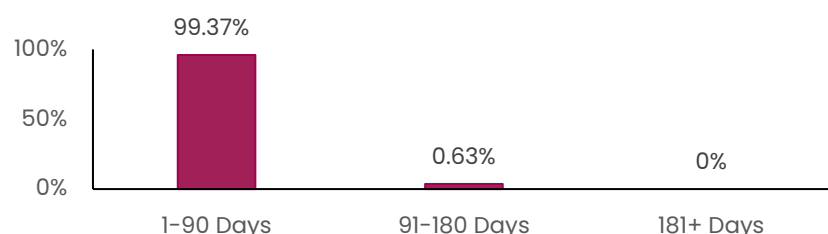


- Short-term Instruments
- Government Securities

FUND PERFORMANCE



MATURITY PROFILE



GLOBAL MARKETS

We expect major central banks to sustain hawkish monetary policies in Q1 2023. We forecast a 25bps and 50bps interest rate hike by the US Fed and ECB respectively at the next monetary policy meeting. Following the full resumption of economic activities in China, we see energy prices trending upward amid improved demand and supply disruptions emanating from severe sanctions placed on Russian oil. Also, we expect the direction of the US dollar to influence oil prices as a strong US dollar tends to make oil more expensive in the market.

DOMESTIC MARKETS

EQUITY

The major factors driving the equities market are Fixed Income yield direction, corporate earnings performance, hunt for dividend and exchange rate directions. We expect a sustained rally in the equities market in the coming month. We also foresee bargain hunting for fundamentally sound stocks with attractive dividend return potentials.

FIXED INCOME

Given the significant maturity profile in March, we expect robust liquidity for the month which should drive demand for fixed-income securities by investors. Consequently, we expect a moderation in yields.

The DMO has raised NGN1.43trn from FGN bonds so far this year and is expected to increase its borrowing, given the approved budget deficit for 2023. In absence of incessant CRR debits by the CBN, we expect the demand for fixed income securities to exceed supply in the month of March.



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