



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

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Mutual Funds Factsheet

March 2023

GLOBAL

- The month of March was permeated by the inception of the banking crisis. The collapse of Silicon Valley and Signature Bank in the US led to the charge for what was about to be the reoccurrence of the 2008 financial crisis. Similarly, Credit Suisse was acquired by UBS in a USD3.25bn deal following its collapse. This spurred mixed sentiments in the global equities market which led to significant sell-offs in banking stocks. However, the US Fed and other major financial institutions weighed in by offering loans and deposits to challenged banks to meet up with customers' demands. This further eased the turmoil. However, hopes around the banking sector remain cloudy as investors take precautions by moving deposits to safe havens.
- Amid the banking crisis, the US Fed, Bank of England (BoE), and European Central Bank (ECB) further hiked interest rates by 25bps, 25bps and, 50bps, respectively. They are of the opinion that the battle against inflation has not been won yet.
- Markets across North America and Europe extended their bullish run in March. The S&P 500 (7.03%) STOXX (13.74%), CAC40 (13.11%), DAX (12.25%), and RUSSEL 1000 (7.00%) indices all posted positive year-to-date returns in March. Also, major indices in Asia, such as the Nikkei 225 (+7.46%) and SHCOMP (+5.94%) closed on a positive note.
- In the United States, the Personal Consumption Expenditures (PCE) price index increased 0.3% MoM and 5.0% YoY in February 2023. The core PCE price index which excludes volatile food and energy components, rose 0.3% MoM and 4.6% YoY in February 2023. Consumer spending rose 0.2% in February (vs 2.0% in January). We opine that the strong labour market continues to keep spending elevated despite the previous aggressive interest rate hikes embarked upon by the Fed.

DOMESTIC

- Nigeria's crude oil production slightly increased to 1.38mbpd in February 2023 from 1.31mbpd in January 2023 amid the government's continuous effort in combating oil theft and vandalism.
- Headline inflation continued to rise in February 2023, at 21.91% YoY compared to 21.82% YoY in January 2023. This is following the increase in the Food inflation sub-component, which rose to 24.35% YoY in February 2023 from 24.32% YoY in January 2023. However, on a month-on-month basis, Headline inflation tapered by 16bps to 1.71%.
- Purchasing Manager's Index for March slumped further to 42.3 points from 44.7 points in February 2023, representing the second consecutive contraction in economic activities in over two years. This mirrors the continuous effect of the cash crunch and fuel scarcity on economic activities in the period.

FINANCIAL MARKET UPDATE

EQUITIES

- The equities market sustained its bullish run in the first quarter of the year. The Nigerian bourse's year-to-date returns printed at 7.04% as the NGX ASI closed at 54,857.96pts. Although there was a slowdown in March as the Nigerian bourse lost 12 out of 23 trading days in March 2023 compared to 15 gains out of 20 trading days in February 2023.
- On a sectoral basis, year-to-date performance remained positive across all sectors under our coverage. The Industrial Goods (+6.05% ytd), Consumer Goods (+19.32% ytd), Oil and Gas (+10.45% ytd), Insurance (+1.81% ytd), and Banking (+8.50% ytd) sectors all closed on a positive note.
- Despite the decent performance in the equities market in March 2023, we saw a 1.85% decline in the bourse's year-to-date performance in the month (+7.04%) compared to February 2023 (8.89%). We opine that this is an offshoot of the recent rise in yields in the fixed income market owing to the 50bps hike in interest rate and profit-taking activities by investors in the equities market.

FIXED INCOME

- The sovereign fixed income market continued its bearish momentum in March as Investors sought for higher rates at the primary auctions.
- Average stop rates at the NTB auctions in March surged to 7.02% from 3.13% for February auctions. This is following an uptrend in rates across all tenors, with the 364-day bill instruments rising the most (+529bps to 11.41%). The bearish sentiment at the primary auctions trickled down to the secondary NT-Bills market as average yield rose 370bps MoM to 7.73%.
- At the FGN Bonds primary market, average stop rate declined to 14.93% from 15.20% in February. However, in the secondary bonds market, average yields went up by 29bps to 13.56% as yields on bonds at the short end of the curve rose significantly.

FUND STRUCTURE

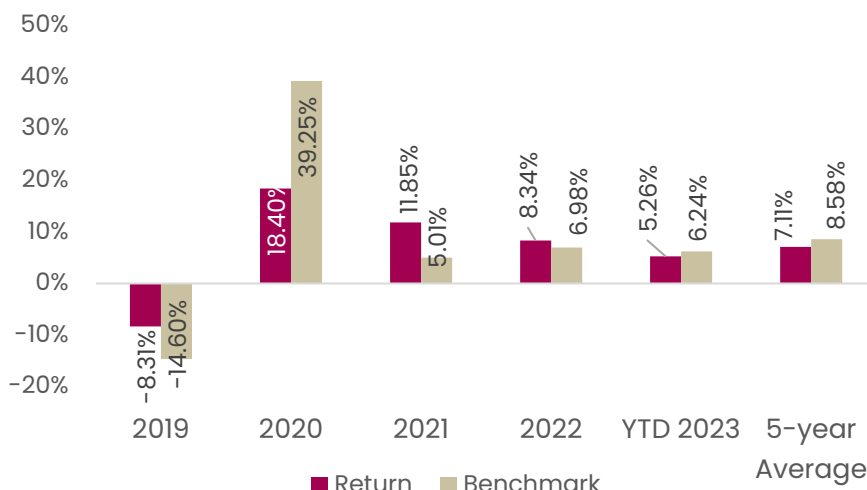
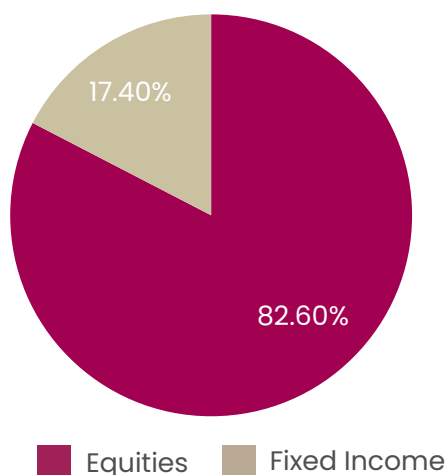
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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	₦2.44 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	-1.63%
Equity Beta	0.85
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	25%	Underweight
Industrials	22%	Underweight
Financial Services	15%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	17%	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

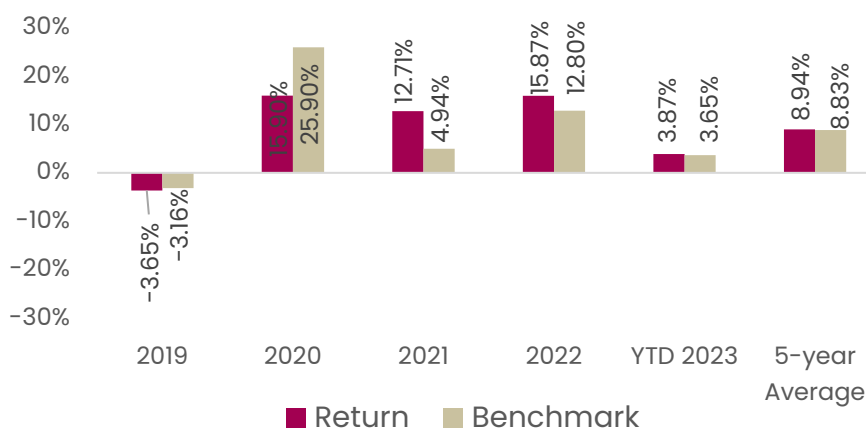
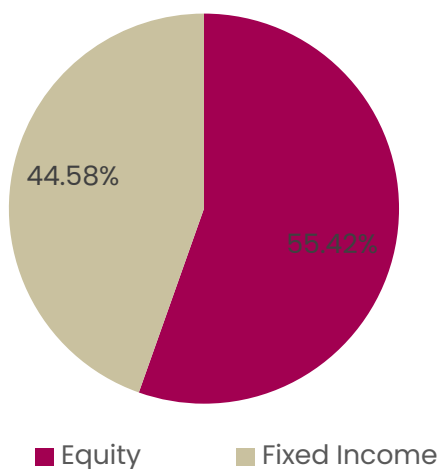
The mix of assets in the Fund is aimed at providing long term capital growth opportunities for investors with a medium risk tolerance.

KEY FACTS

Launch Date	January 1995
Size of Fund	₦4.97 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	-1.21%
Equity Beta	0.92

FUND ASSET ALLOCATION

FUND PERFORMANCE



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	19%	Underweight
Industrials	12%	Underweight
Consumer Goods	8%	Overweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	11%	Overweight
AIRTEL	9%	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

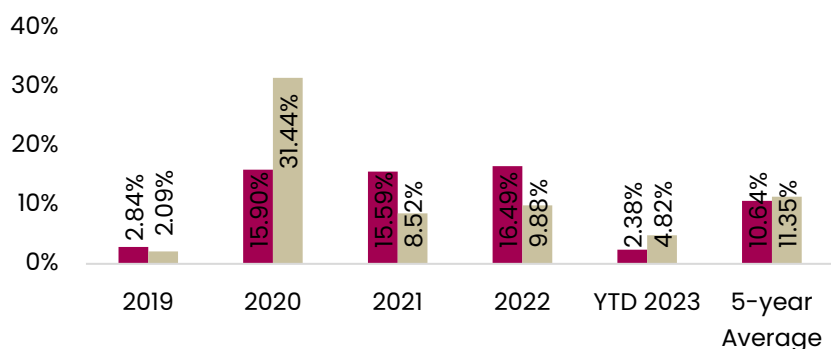
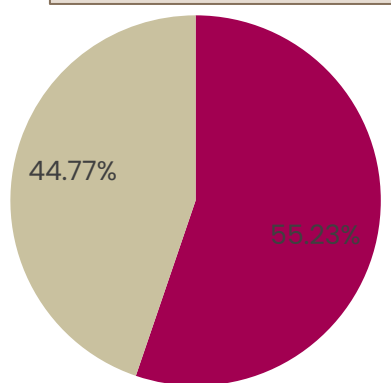
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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	₦541.00 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	-1.51%
Equity Beta	0.91
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Alternatives ■ Equities

■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	17%	Overweight
Industrials	16%	Overweight
Consumer Goods	16%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
AIRTELAFRICA	10%	Overweight
DANGCEM	8%	Overweight
BUACEMENT	8%	Overweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

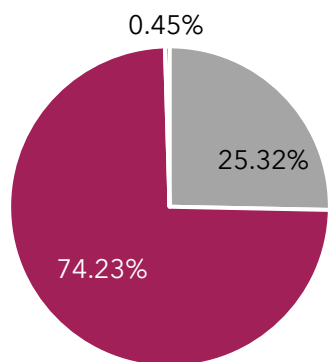
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

FUND OBJECTIVE

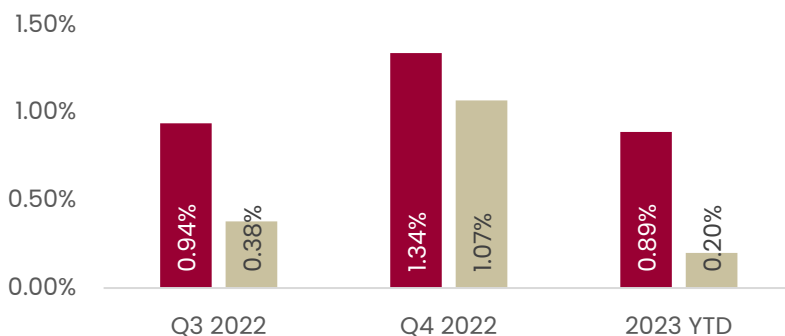
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

KEY FACTS

Launch Date	April 2022
Size of Fund	₦875.19 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	0.29%
FUND ASSET ALLOCATION	FUND PERFORMANCE

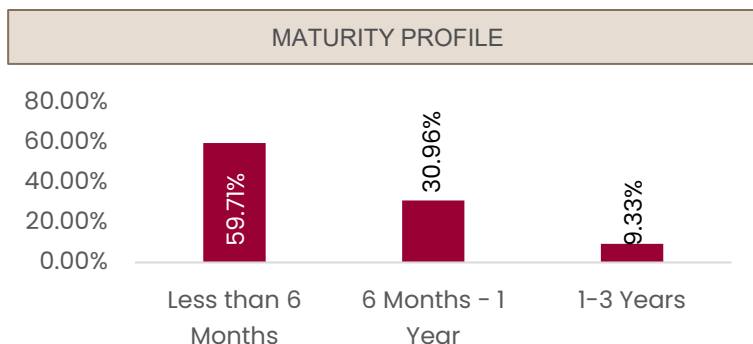


- FGN Bonds
- Cash
- Short-Term Instruments



- Return
- Benchmark

Fund Duration	0.47
Holding Yield	8.93%



*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

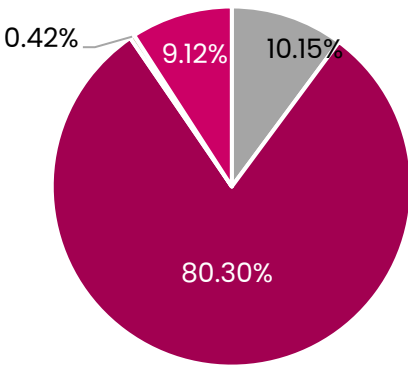
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

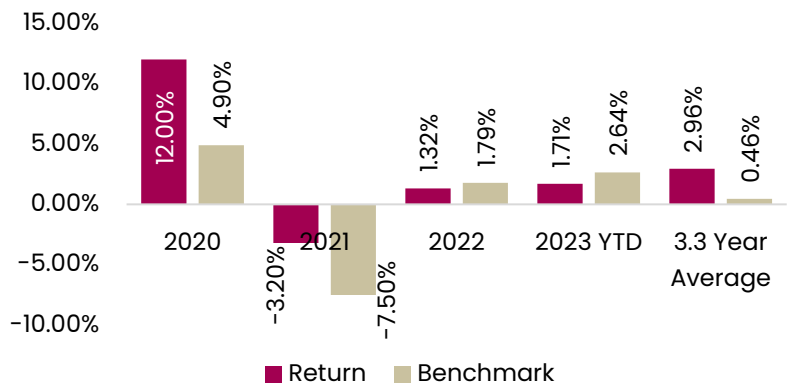
KEY FACTS

Launch Date	February 2020
Size of Fund	₦1,009.00 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	-0.45%
FUND ASSET ALLOCATION	FUND PERFORMANCE

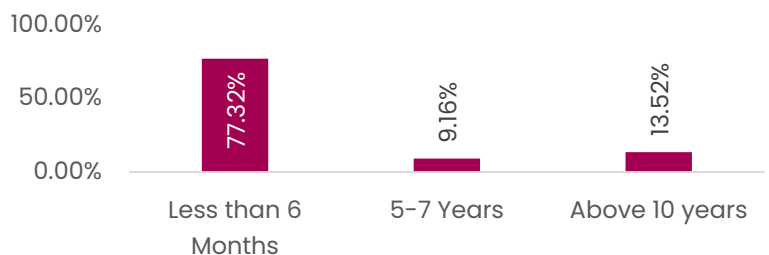


- FGN Bonds
- Cash
- SGN Bonds
- Short Term Securities

Fund Duration	1.22
Holding Yield	8.13%



MATURITY PROFILE



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ARM EUROBOND FUND



FUND STRUCTURE

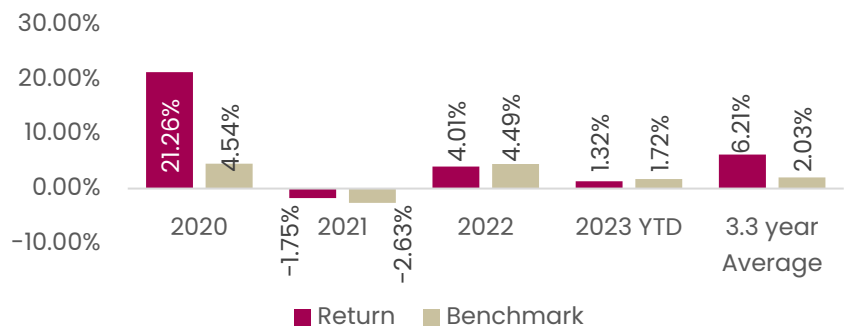
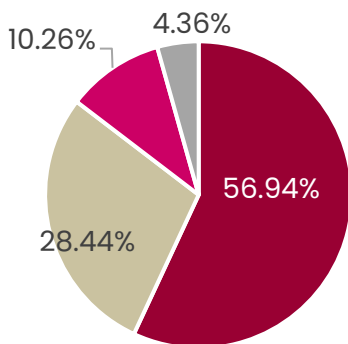
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

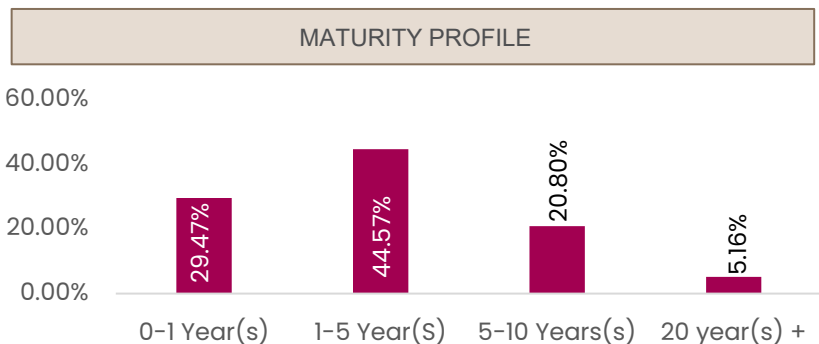
KEY FACTS

Launch Date	February 2020
Size of Fund	\$11.63 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
Monthly Relative Return	-0.41%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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

Fund Duration	3.03
Holding Yield	7.81%



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ARM MONEY MARKET FUND



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).

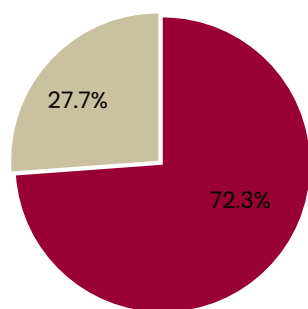
FUND OBJECTIVE

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

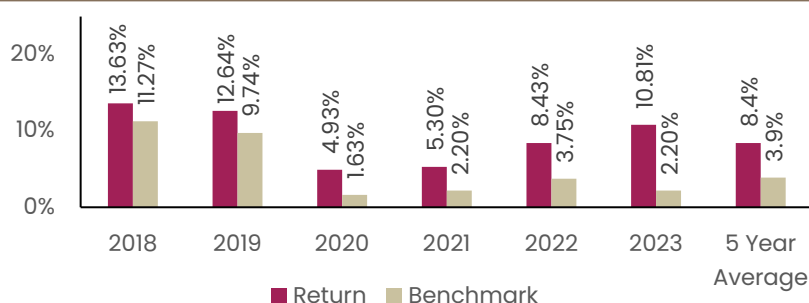
Launch Date	March 2013
Size of Fund	₦ 76.02 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Monthly Relative Return	7.03%

FUND ASSET ALLOCATION

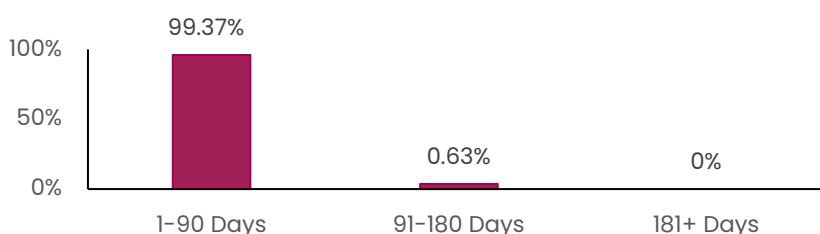


- Short-term Instruments
- Government Securities

FUND PERFORMANCE



MATURITY PROFILE



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GLOBAL MARKETS

Given the recent banking crisis, we expect investors to continue to remain cautious in the equities market. We see more investors moving their deposits from small banks to larger banks in search of safety and higher returns on their deposits. We expect activities to remain positive albeit at a slower pace. On monetary policy, we do not expect major central banks to cut rates anytime soon. However, we see smaller rate hikes in the US, UK and ECB. Furthermore, given the recent announcement by OPEC+ to cut oil production by 1.16MMBPD, we expect oil prices to trend higher in the coming months.

DOMESTIC MARKETS

EQUITY

We expect mixed sentiments to permeate the equities market in April 2023. We base our prognosis on profit-taking activities from investors as volatility remains high in the market. Furthermore, given the significant rally that permeated the equities market in Q1 2023, we expect investors to embark on profit-taking as they strategize their market entry and exit position.

FIXED INCOME

Given the significant maturity profile from maturing bonds in April, we expect robust liquidity towards the end of the month which should ordinarily drive demand for fixed income securities by investors. Consequently, we expect a moderation in yields.

The DMO has raised NGN1.99trn from FGN bonds so far this year and is expected to increase its borrowing, given the approved budget deficit for 2023. In the absence of incessant CRR debits by the CBN, we expect the demand for fixed income securities to exceed supply in the month of April.



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