



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

April 2023

GLOBAL

- In its latest world economic outlook, the IMF projected global economic growth to moderate to 2.8% in 2023 from 3.4% in 2022. The institution highlighted the impact of geopolitical tensions, weaker prospects from previously fast economies and subdued labour force growth as the main drivers of the revised projection.
- According to the Consumer Price Index (CPI) report for March 2023 in the UK, the CPI increased by 10.1% YoY (compared to 7.0% in March 2022). MoM, CPI increased by 0.8% in March 2023 from 1.1% in February. UK inflation maintained its double-digit as households continue to struggle with rising energy and food prices. As a result, we anticipate that the Bank of England may raise interest rates at its upcoming monetary policy meeting by at least 25 bps, given that inflation remained strong and above target.
- Markets across North America and Europe extended their bullish run in March. The S&P 500 (8.55%) STOXX (3.61%), CAC40 (14.66%) and DAX (12.94%) indices all posted positive year-to-date returns. Similarly, major indices in Asia, such as the Nikkei 225 (+8.72%) and SHCOMP (+9.06%) closed on a positive note.
- In the United States, the Personal Consumption Expenditures (PCE) price index increased 0.1% MoM and 4.2% YoY in March 2023. The core PCE price index which excludes volatile food and energy components, rose 0.3% MoM and 4.6% YoY in March 2023. Consumer spending rose 0.3% in March (vs 0.2% in February). 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 declined to 1.35MMbpd in March from 1.37MMbpd in February on the back of declining investments and production sabotage. However, this contraction is the first since September 2022.
- In March, headline inflation advanced to 22.04% YoY from 21.91% YoY in February. This is following increases in its two sub-components, Core inflation (+102bps) and Food inflation (+10bps) to 19.86% YoY and 24.45% YoY, respectively. Similarly, on a MoM basis, headline inflation edged upwards by 15bps to 1.86% (vs. 1.71% in February 2023).
- Few weeks to the planned phase-out of the fuel subsidy, the Minister of Finance, Budget and National Planning, Zainab Ahmed, announced the suspension of the subsidy removal, highlighting the need for further consultations with key stakeholders, including the incoming administration.

FINANCIAL MARKET UPDATE

EQUITIES

- The local bourse closed in the positive territory in April. However, it shed 4.5% of its March gains, pushing the year-to-date return to 2.2% from 7.0%.
- This was partly driven by the rise in yields in the fixed income market amid moderate system liquidity, as investors took profit in the equities market.
- On a sectoral basis, year-to-date performance remained positive across all sectors under our coverage. The Industrial Goods (+1.83% ytd), Consumer Goods (+25.00% ytd), Oil and Gas (+8.60% ytd), Insurance (+5.75% ytd), and Banking (+4.93% ytd) sectors all closed on a positive note.

FIXED INCOME

- In April 2023, the secondary fixed income market closed bearish as average yield edged up 7bps MoM to settle at 10.72%.
- Average stop rates at the NTB auctions in April 2023 surged by 167bps to 8.70% from 7.02% in March. This is following an uptrend in rates across all tenors, with the 91-day bill instrument recording the most increase (+232bps to 5.65%). However, the secondary NT-Bills market closed positive as average yield fell by 43bps MoM to 7.30%.
- At the FGN Bonds primary market auction, average stop rate edged upwards by 8bps to 15.27% (vs. 14.93% in March 2023). The bearish sentiment extended to the secondary bonds market as average yields increased by 57bps MoM to 14.13% in April.

FUND STRUCTURE

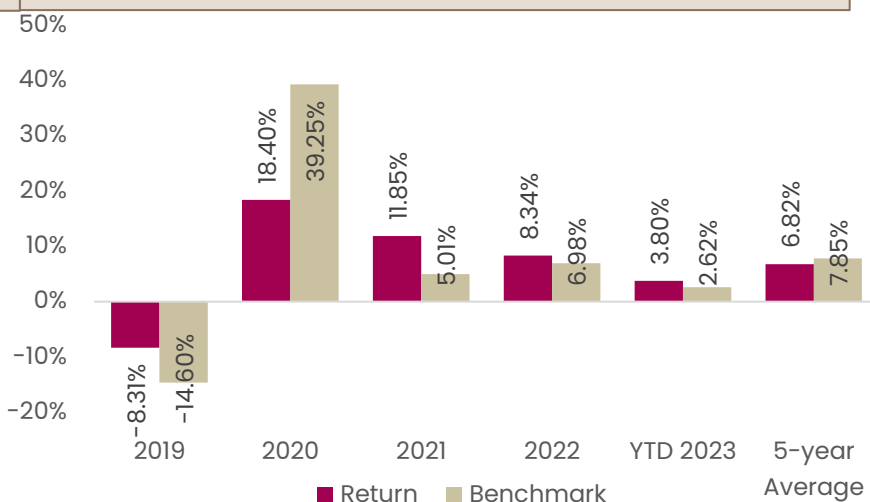
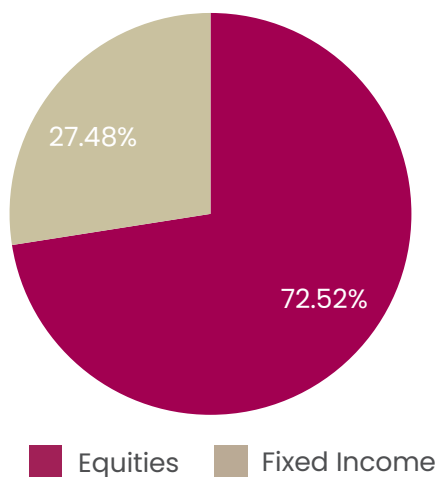
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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	2.01%
Equity Beta	0.83
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	23%	Underweight
Industrials	22%	Underweight
Financial Services	13%	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

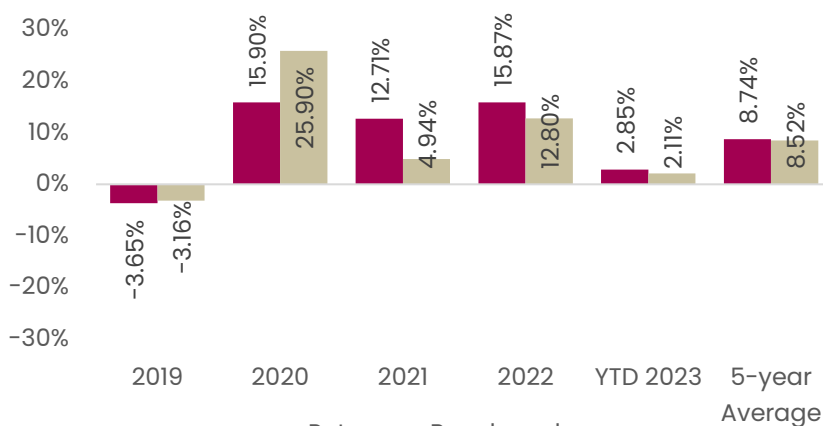
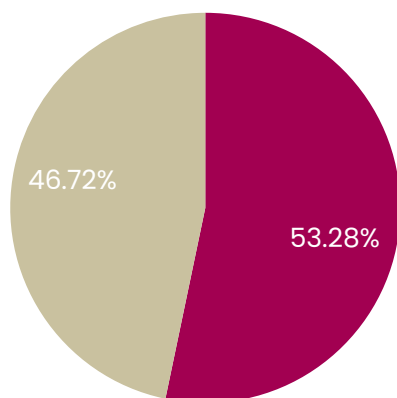
The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate 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	₦4.91 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	0.42%
Equity Beta	0.82
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Equity ■ Fixed Income

Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	17%	Overweight	MTNN	10%	Overweight
Industrials	11%	Underweight	AIRTEL	7%	Underweight
Consumer Goods	8%	Overweight	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

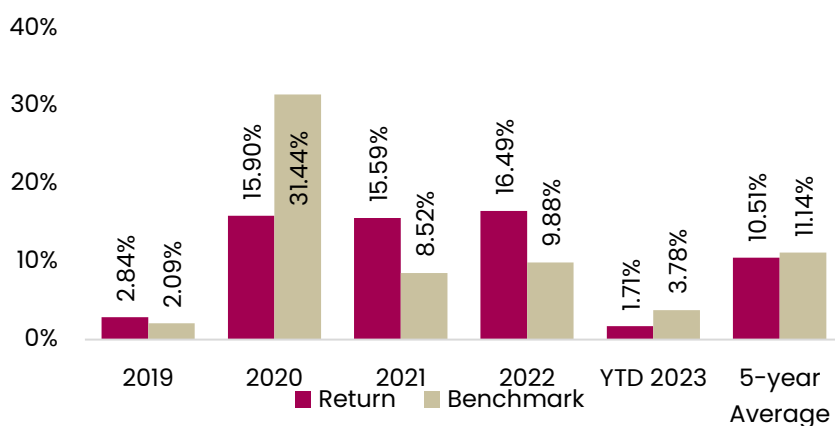
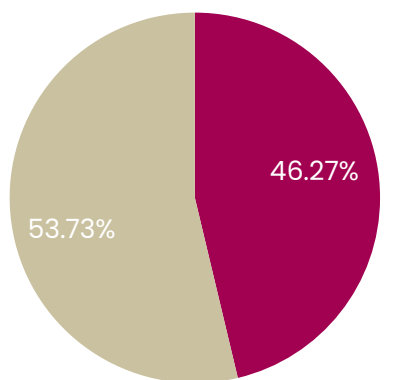
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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	₦535.50 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	0.34%
Equity Beta	0.73
FUND ASSET ALLOCATION	FUND PERFORMANCE



Alternatives Equities

Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	14%	Overweight	BUACEMENT	8%	Overweight
Consumer Goods	14%	Underweight	BUAFOODS	7%	Underweight
Telecoms	12%	Underweight	MTN NIGERIA	6%	Underweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

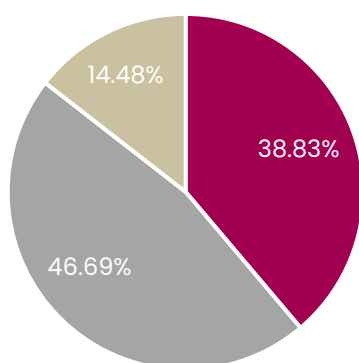
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

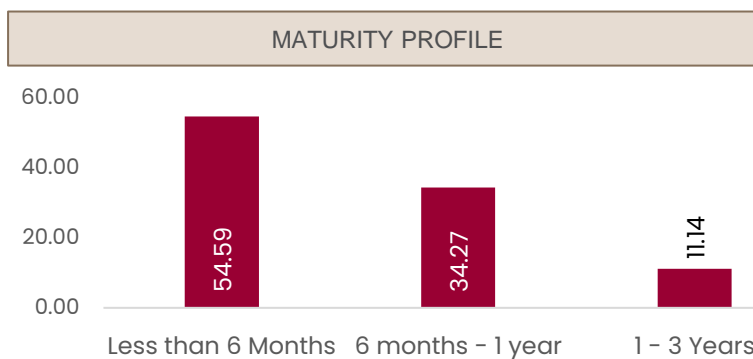
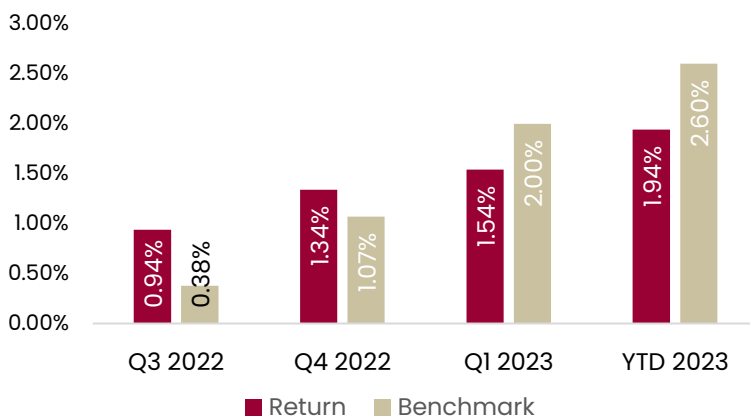
KEY FACTS

Launch Date	April 2022
Size of Fund	₦861.12 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	-0.19%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Bonds
- Short Term Instruments
- Cash

Fund Duration	0.53
Holding Yield	9.68%



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ARM FIXED INCOME FUND



FUND STRUCTURE

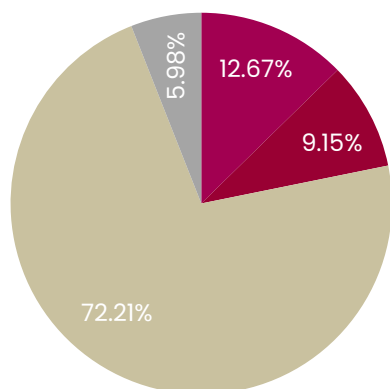
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

FUND OBJECTIVE

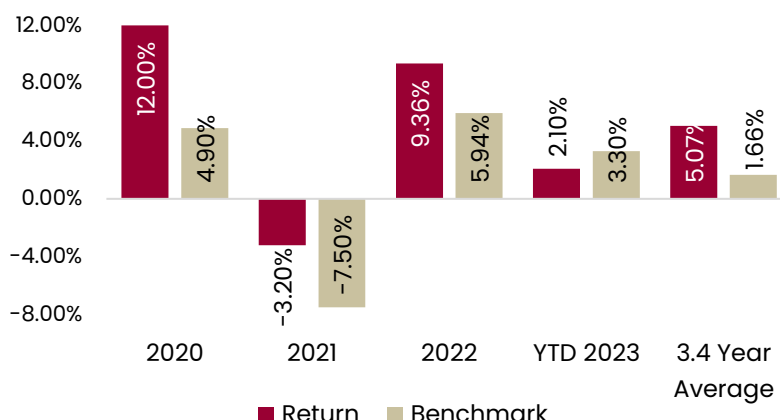
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

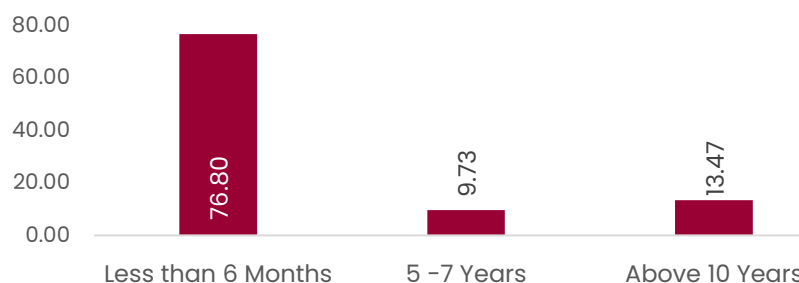
Launch Date	February 2020
Size of Fund	₦1.018 Billion
Initial Investment Amount	₦5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium - High
Monthly Relative Return	-0.25%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Bonds
- SGN Bonds
- Short Term Instruments
- Cash



MATURITY PROFILE



Fund Duration	1.32
Holding Yield	11.27%

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FUND STRUCTURE

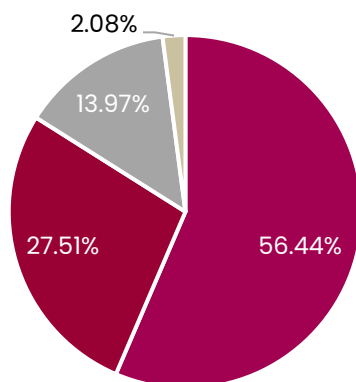
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

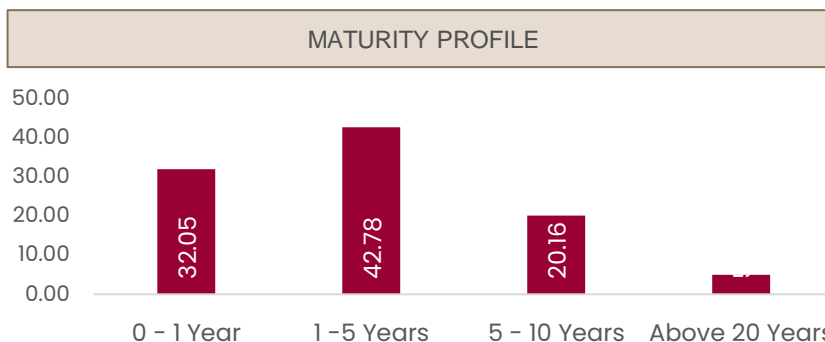
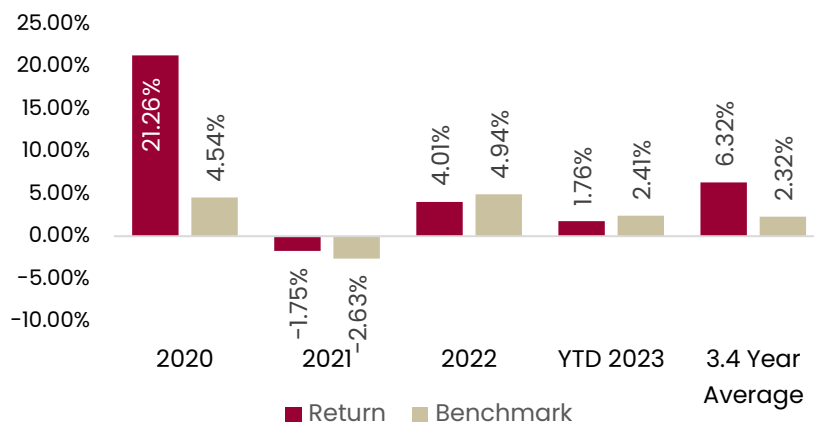
KEY FACTS

Launch Date	February 2020
Size of Fund	\$11.84 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	-0.25%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Eurobonds
- Corporate Eurobonds
- Short Term Instruments
- Cash

Fund Duration	2.89
Holding Yield	7.72%



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).

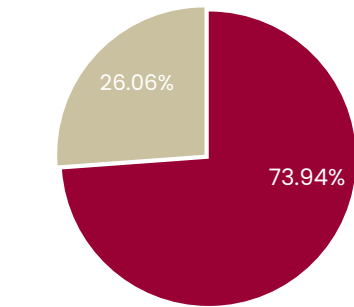
FUND OBJECTIVE

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

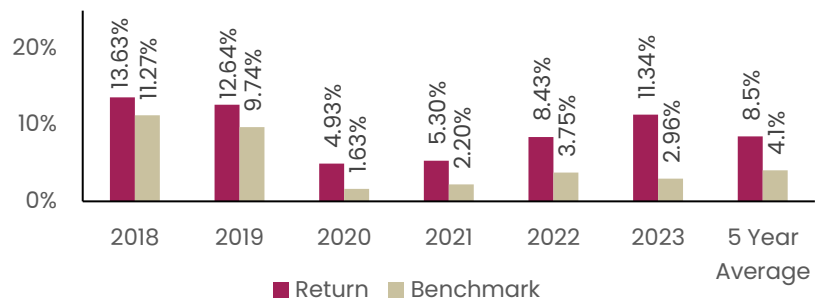
Launch Date	March 2013
Size of Fund	₦ 76.02 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Monthly Relative Return	7.28%

FUND ASSET ALLOCATION

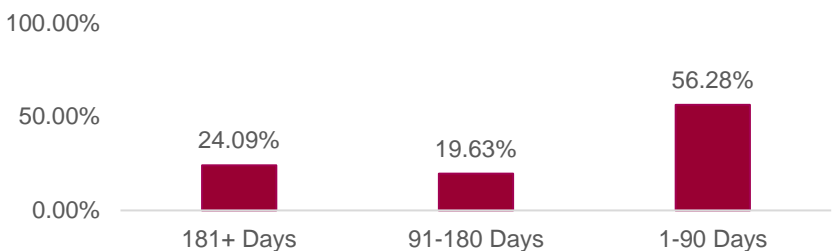


- Short-term Instruments
- Government Securities

FUND PERFORMANCE



MATURITY PROFILE



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GLOBAL MARKETS

We expect the US Federal Reserve to continue to take policy actions to reduce inflation rate while considering the impact on economic growth. In the same vein, we anticipate that the Eurozone will not be left out in its fight against inflation in the region. However, concerns about financial stability will continue to make many central banks move cautiously.

We foresee that larger banks in the US will continue to record higher deposits given the doubt about many regional banks following the recent collapse of the First Republic Bank. We are of the opinion that the impact of higher rates in the banking sector may have a long-lasting impact on economic activities across the US, UK, and Eurozone.

DOMESTIC MARKETS

EQUITY

We expect mixed sentiments to permeate the equities market in May. We base our prognosis on profit-taking activities from investors as volatility remains high in the market. Also, ahead of the monetary policy meeting and expectations of a further rate hike, we expect elevated fixed income yields to impact equity performance negatively. On the other hand, we believe that the expected profit-taking activities will provide the opportunity for investors to take positions in fundamentally sound names at attractive entry points.

FIXED INCOME

In the fixed income market, yields are expected to be elevated on the back of the high inflation rate, tight system liquidity towards the end of May and possible CRR debits by the CBN within the month. Consequently, we favour short-dated instruments over longer-maturing ones in the near term.



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