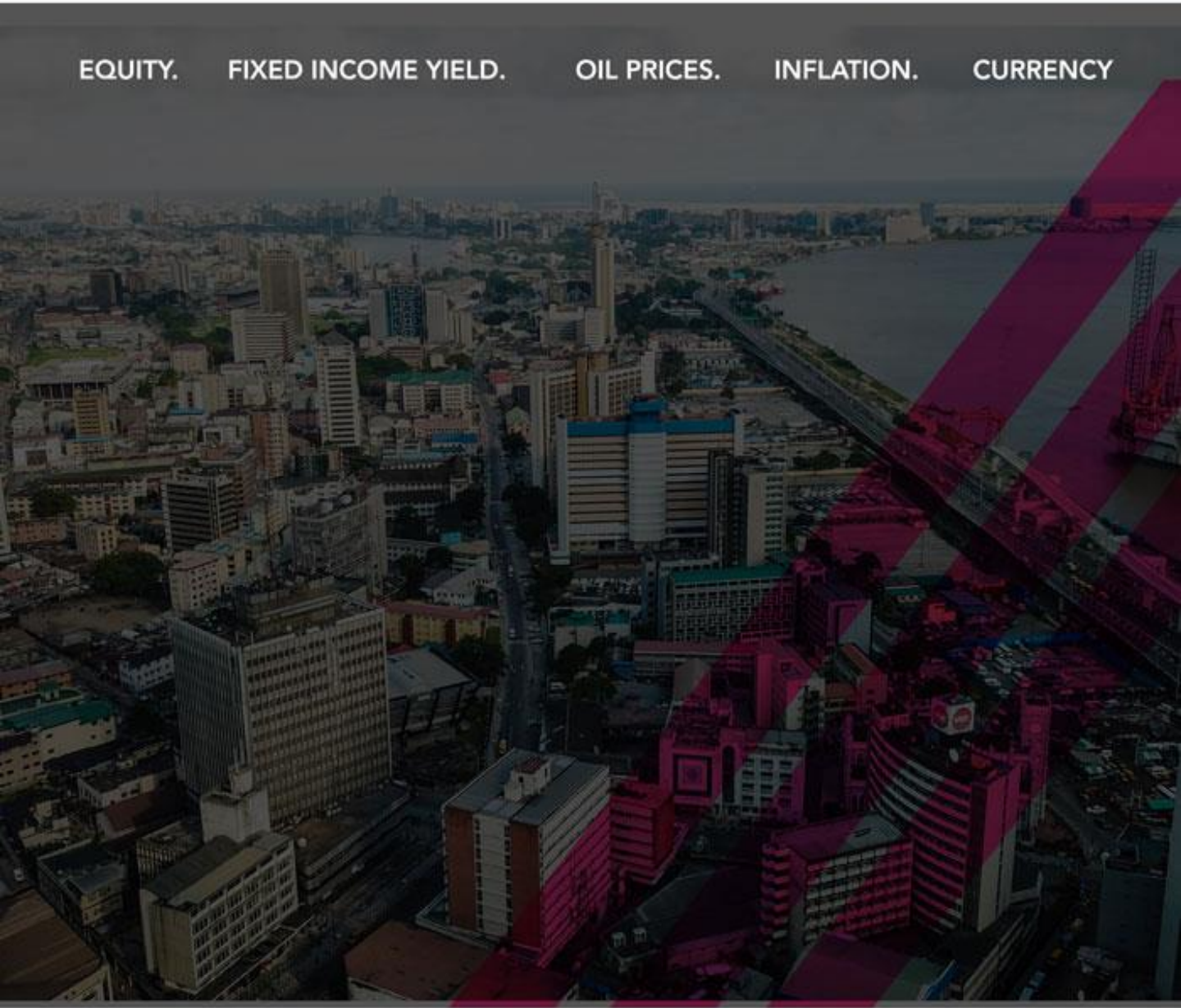




EQUITY. FIXED INCOME YIELD. OIL PRICES. INFLATION. CURRENCY



# Mutual Funds Factsheet

## June 2023

## GLOBAL

- According to the US Bureau of Labor Statistics, the headline Consumer Price Index (CPI) in the US grew by 4.0% in May 2023 (vs 4.9% YoY in April 2023). This marks the smallest YoY increase since March 2021. On a month-on-month (MoM) basis, the CPI rose by 0.10% in May 2023, compared to 0.40% in April 2023. In response to this slowdown in inflation, the Federal Reserve (Fed) announced a pause in its benchmark rate hikes during its latest policy meeting, indicating a potential end to its hawkish stance.
- According to the UK Office of National Statistics (ONS), the headline CPI in the UK grew by 8.70% YoY in May 2023, (same as April 2023). On a MoM basis, it increased by 0.70% (same as April 2023). While other economies are experiencing disinflationary trends, Inflation in the UK remained stubborn following elevated energy and food prices. Consequently, the Bank of England raised rates by 50bps to 5.00% in June 2023, marking the highest level since the credit crisis of 2008. This hike represents the thirteenth consecutive increase by the Bank.
- Despite concerns surrounding the raising of US debt ceiling earlier in the quarter, high interest rates environment and recessionary fears, the global equities market closed relatively bullish as . Major indices under our coverage closed H1:2023 in the positive territory. The S&P 500 (+15.91%) STOXX (+15.96%), FTSE 100 (+1.07%), S&P/TSX (+3.97%) Nikkei 225 (+27.19%) and SHCOMP (+3.65%) indices all closed on a positive note.

## DOMESTIC

- Nigeria's crude oil production grew to 1.27MMbpd in May from 1.10MMbpd in April 2023. This is still below the 1.80MMbpd quota provided by the OPEC and the 1.69MMbpd benchmark for the Federal Government's budget.
- Headline inflation for May jumped to 22.41% YoY from 22.22% YoY in April. This marks the fifth (5th) consecutive increase since December 2022. The increase is on the back of a jump in Food inflation (+21bps) to 24.82% YoY. However, Core inflation tapered by 8bps to 20.06% YoY. On a MoM basis, Headline inflation (+3bps to 1.94%), Food inflation (+6bps to 2.19%) and Core inflation (+35bps to 1.81%) all recorded increases.
- In May 2023, Nigeria's Purchasing Managers Index (PMI) rose to 54.0 points (vs 53.8 points in April 2023). This is the highest PMI figure since the beginning of the year and indicates that the private sector has sustained its recovery from the cash crisis at the beginning of the year.
- In June 2023, the CBN announced the unification of the foreign exchange window. This is in line with the policies of the new administration. Currently, the Naira is on a free-float and the exchange rate is determined by market forces of demand and supply and the apex bank has no influence on the exchange rate. As of June 30th 2023, the I&E FX window closed at US\$769.30/NI.

# FINANCIAL MARKET UPDATE

## EQUITIES

- The local bourse closed in the positive territory in June, sustaining the rally in May, as year-to-date return closed higher by 10.1% to 18.9%.
- This was driven by pro-market remarks made by the newly elected president during his inaugural speech on subsidy removal and the liberalization of operations in the FX market. As a result, the market gained on 12 out of 19 trading days of the month, as the NGX ASI settled at 60,968.27 (15 years all time high) by month end.
- On a sectoral basis, year-to-date performance remained positive across all sectors under our coverage. The Industrial Goods (+3.66% ytd), Consumer Goods (+51.93% ytd), Oil and Gas (+67.76% ytd), Insurance (+58.91% ytd), and Banking (+54.59% ytd) sectors all closed on a positive note.

## FIXED INCOME

- In June 2023, the secondary fixed income market closed bullish as average yield fell by 41bps MoM to settle at 9.66%.
- Average stop rates at the NTB auctions in June 2023 fell by 13bps to 5.74% from 5.87% in May 2023. This is following improved demand in June 2023, as evidenced by the 52bps increase in average bid-to-cover ratio to 5.62x (vs 5.10x in May 2023). However, the secondary NT-Bills market closed on a bearish note as average yield advanced 16bps MoM to 6.34%.
- At the primary bond auction for June 2023, the DMO sold NGN427.15bn worth of bonds across one re-opening instrument (APR-2029) and three newly introduced instruments (JUN-2033, JUN-2038 and JUN-2053). The average stop rate declined by 18bps to 14.94% (vs. 15.12% at the May 2023 auction). Similarly, the secondary bonds market closed bullish as average yield dipped 98bps MoM to 12.98% in June 2023.

## FUND STRUCTURE

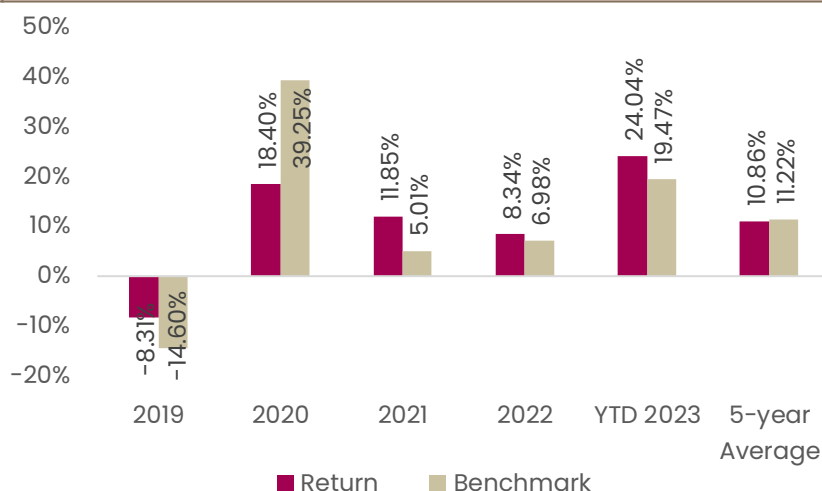
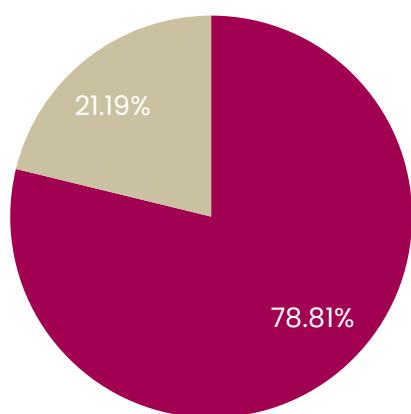
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme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

<b>Launch Date</b>	April 2007
<b>Size of Fund</b>	₦2.94 Billion
<b>Memorandum Listings</b>	2008
<b>Initial Investment Amount</b>	₦50,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Nigerian Exchange Group 30 Index (NGX30)
<b>Trustee</b>	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Risk Profile</b>	High
<b>Monthly Relative Return</b>	2.69%
<b>Equity Beta</b>	0.78
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



■ Equities ■ Fixed Income

■ Return ■ Benchmark

Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Financial Services	33%	Overweight	DANGCEM	13%	Overweight
Industrials	22%	Overweight	MTNN	9%	Underweight
Telecoms	11%	Underweight	BUACEMENT	8%	Overweight

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# ARM DISCOVERY BALANCED FUND



## FUND STRUCTURE

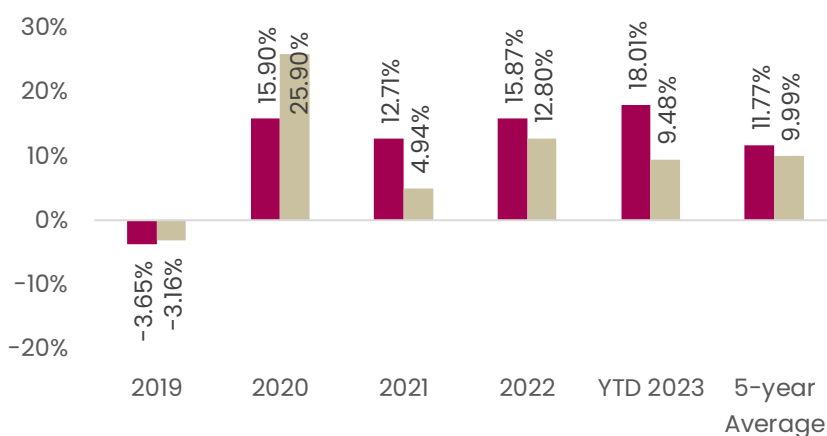
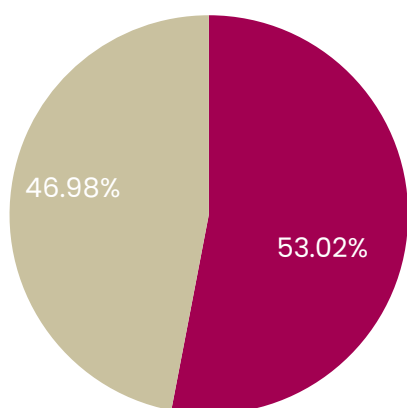
The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate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

<b>Launch Date</b>	January 1995
<b>Size of Fund</b>	₦5.47 Billion
<b>Memorandum Listings</b>	April 2002
<b>Initial Investment Amount</b>	₦10,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of NGX ASI and FMAN 91-day Average T-Bill rate.
<b>Trustee</b>	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Risk Profile</b>	Medium
<b>Monthly Relative Return</b>	4.65%
<b>Equity Beta</b>	0.75
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



■ Equity ■ Fixed Income

■ Return ■ Benchmark

Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Financial Services	20%	Overweight	DANGCEM	9%	Overweight
Industrials	16%	Overweight	BUACEM	6%	Overweight
Telecoms	7%	Underweight	MTNN	5%	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

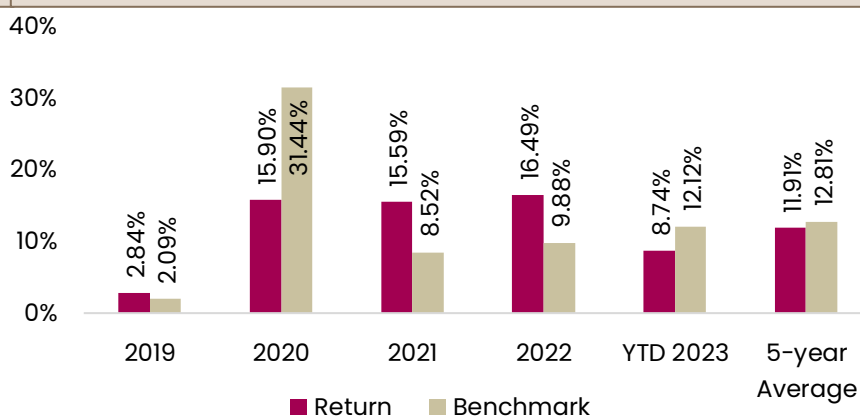
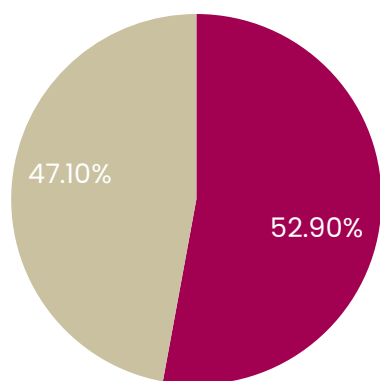
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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.

<b>Fund Structure</b>	Open-Ended
<b>Size of Fund</b>	₦564.01 Million
<b>Nominal Value</b>	₦20.00/Unit
<b>Initial Investment Amount</b>	₦10,000.00
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
<b>Trustee</b>	Royal Exchange Plc.
<b>Custodian</b>	Rand Merchant Bank
<b>Risk Profile</b>	Medium
<b>Monthly Relative Return</b>	0.21%
<b>Equity Beta</b>	0.74
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



Alternatives Equities

Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	19%	Overweight	BUAFOODS	11%	Overweight
Industrial	14%	Overweight	OKOMU	8%	Overweight
Telecoms	10%	Underweight	NESTLE	8%	Overweight

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# ARM SHORT TERM BOND FUND



## FUND STRUCTURE

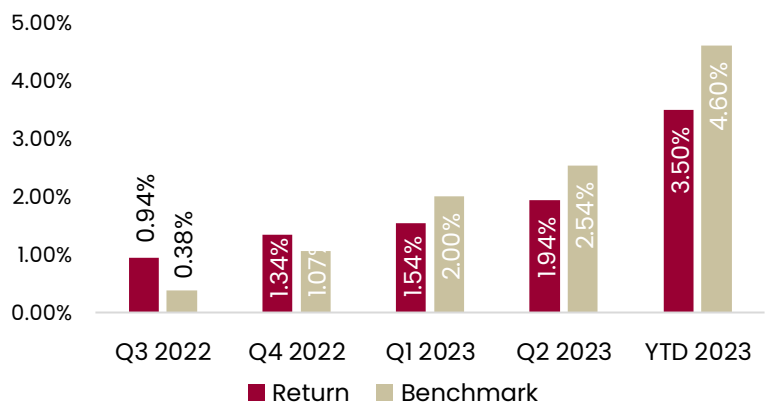
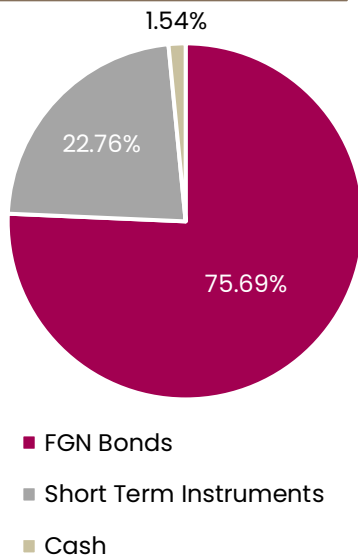
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

## FUND OBJECTIVE

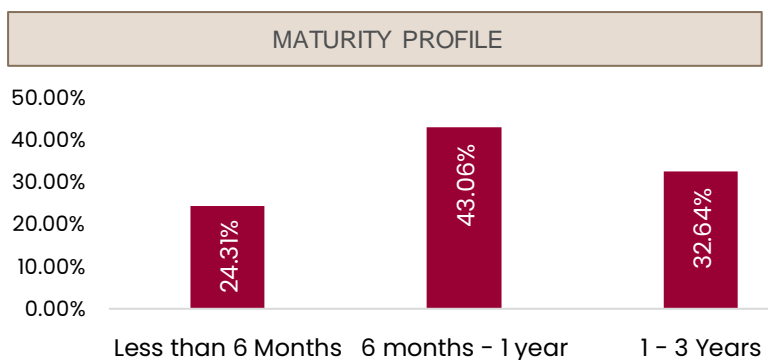
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

## KEY FACTS

<b>Launch Date</b>	April 2022
<b>Size of Fund</b>	₦593 Million
<b>Initial Investment Amount</b>	₦10,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
<b>Trustee</b>	STL Trustees Ltd.
<b>Custodian</b>	Rand Merchant Bank
<b>Risk Profile</b>	Low - Medium
<b>Monthly Relative Return</b>	-0.47%
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



<b>Fund Duration</b>	0.90
<b>Holding Yield</b>	9.17%



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# ARM FIXED INCOME FUND



## FUND STRUCTURE

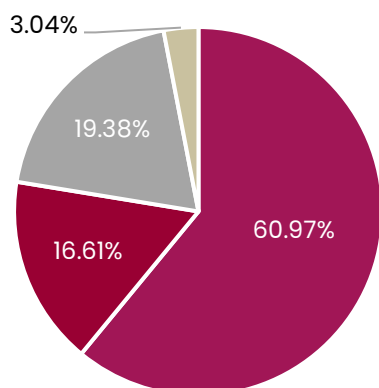
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

## FUND OBJECTIVE

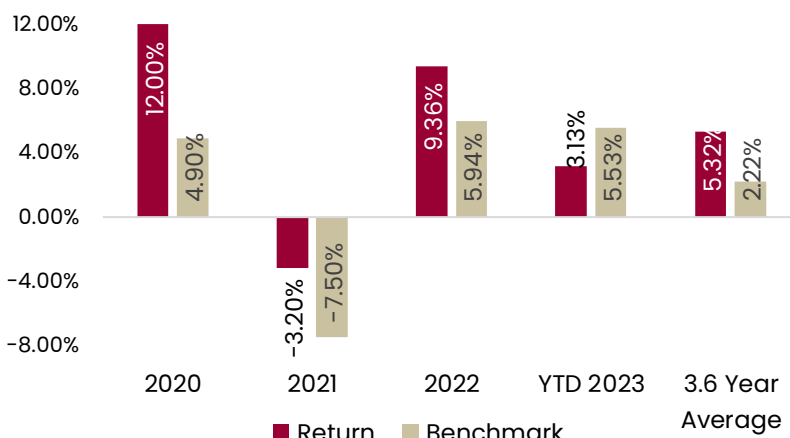
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

## KEY FACTS

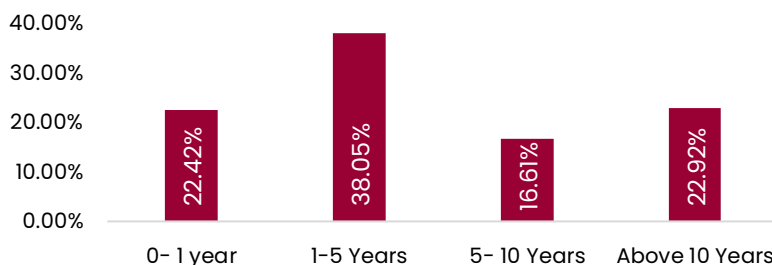
<b>Launch Date</b>	February 2020
<b>Size of Fund</b>	₦574 Million
<b>Initial Investment Amount</b>	₦5,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
<b>Trustee</b>	STL Trustees Ltd.
<b>Custodian</b>	Rand Merchant Bank
<b>Risk Profile</b>	Medium - High
<b>Monthly Relative Return</b>	-0.96%
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



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



## MATURITY PROFILE



<b>Fund Duration</b>	2.92
<b>Holding Yield</b>	12.37%

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## FUND STRUCTURE

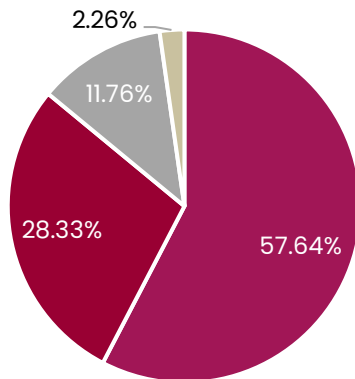
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

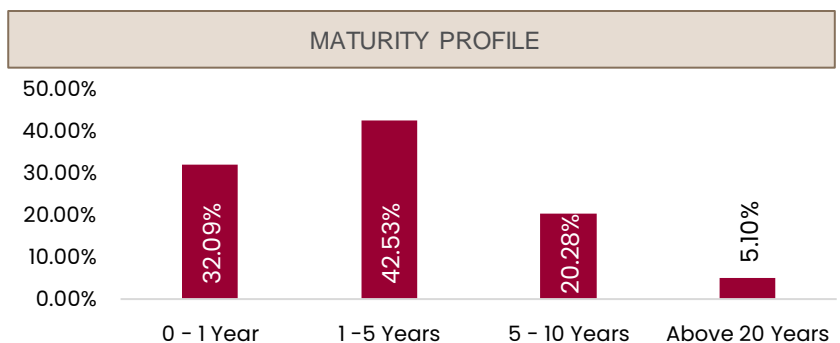
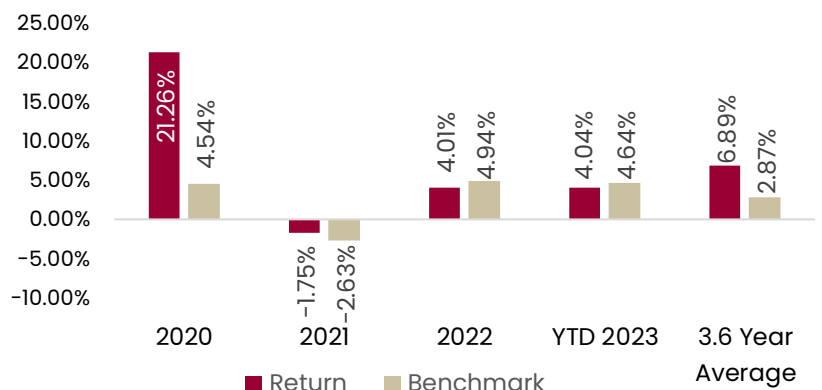
## KEY FACTS

<b>Launch Date</b>	February 2020
<b>Size of Fund</b>	\$11.52 Million
<b>Initial Investment Amount</b>	\$1,000.00
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
<b>Trustee</b>	STL Trustees Ltd.
<b>Risk Profile</b>	Medium-High
<b>Custodian</b>	Rand Merchant Bank
<b>Monthly Relative Return</b>	0.91%
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



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

<b>Fund Duration</b>	2.85
<b>Holding Yield</b>	7.80%





# ARM MONEY MARKET FUND



## FUND STRUCTURE

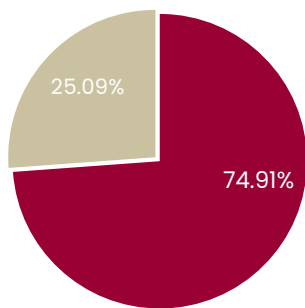
The ARM Money Market Fund is an open-ended fund, authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by Securities & Exchange Commission (SEC).

## FUND OBJECTIVE

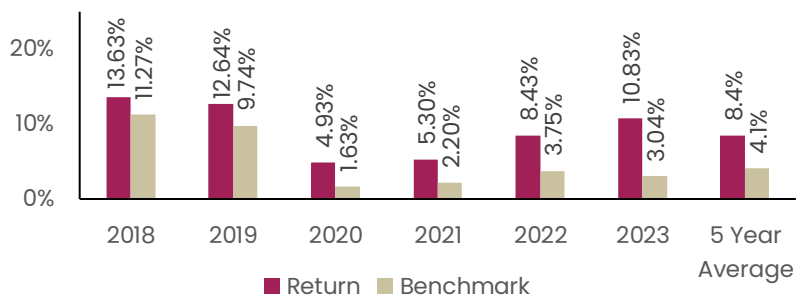
The primary objective of the Fund is to provide a steady stream of income to investors by investing in high-quality short-term money market instruments and government securities, which include; Banker's acceptances, certificates of deposits, commercial papers, Fixed Deposits with eligible financial institutions; 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

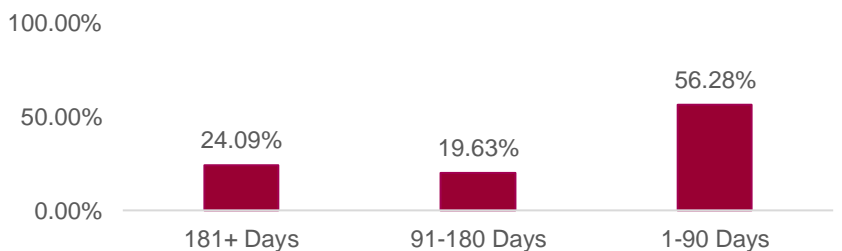
<b>Launch Date</b>	March 2013
<b>Size of Fund</b>	₦ 76.02 Billion
<b>Initial Investment Amount</b>	₦1,000.00
<b>Income Accrual</b>	Daily
<b>Income Distribution</b>	Quarterly
<b>Management Fee</b>	1.5% of NAV
<b>Benchmark</b>	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
<b>Trustee</b>	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
<b>Monthly Relative Return</b>	7.40%
<b>FUND ASSET ALLOCATION</b>	<b>FUND PERFORMANCE</b>



- Short-term Instruments
- Government Securities



## MATURITY PROFILE



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## GLOBAL MARKETS

In the global equities market in Q3:2023, stocks may face a challenging environment characterized by increased volatility and subdued total returns. Higher quality stocks may outperform. Non-US developed markets might outpace the US due to higher dividend yields and more attractive valuations. In the event of notable decline in growth, following further hikes, earnings may decline, and higher quality stocks may outperform growth stocks while growth stocks outperforms value stocks. The US dollar saw mixed sentiments in H1:2023 following a flurry of events. We foresee the USD weakening modestly on a trade-weighted basis. The Japanese yen may strengthen if the BoJ removes the yield curve control. The Euro may find relief from improved growth trajectory and interest rate convergence. The British pound and other economically sensitive currencies could come under pressure as geopolitical tension stirred in eastern Europe lingers amid elevated fear of recession.

## DOMESTIC MARKETS

### EQUITY

We expect sustained bullish sentiments in the equities market in July. We base our prognosis on the improved participation by foreign investors in the Nigerian bourse following the liberalization of activities in the equities market. Although we expect profit-taking activities from investors during the month given the historic rally seen in June. However, we believe that the bulls will remain dominant in the month of July. We advise investors to embrace fundamentally sound tickers in the sectors such as Consumer Goods, Banking, Oil and Gas and telecoms sectors as we see potentials in these sectors in the coming months.

### FIXED INCOME

In the fixed income market, yields are expected to taper, given the expected buoyancy of the financial system liquidity amid the normalization of Cash Reserve Ratio (CRR), moderate maturity inflows, and improved FAAC allocation that accompanies the change in exchange rate and improving crude oil production volume.



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