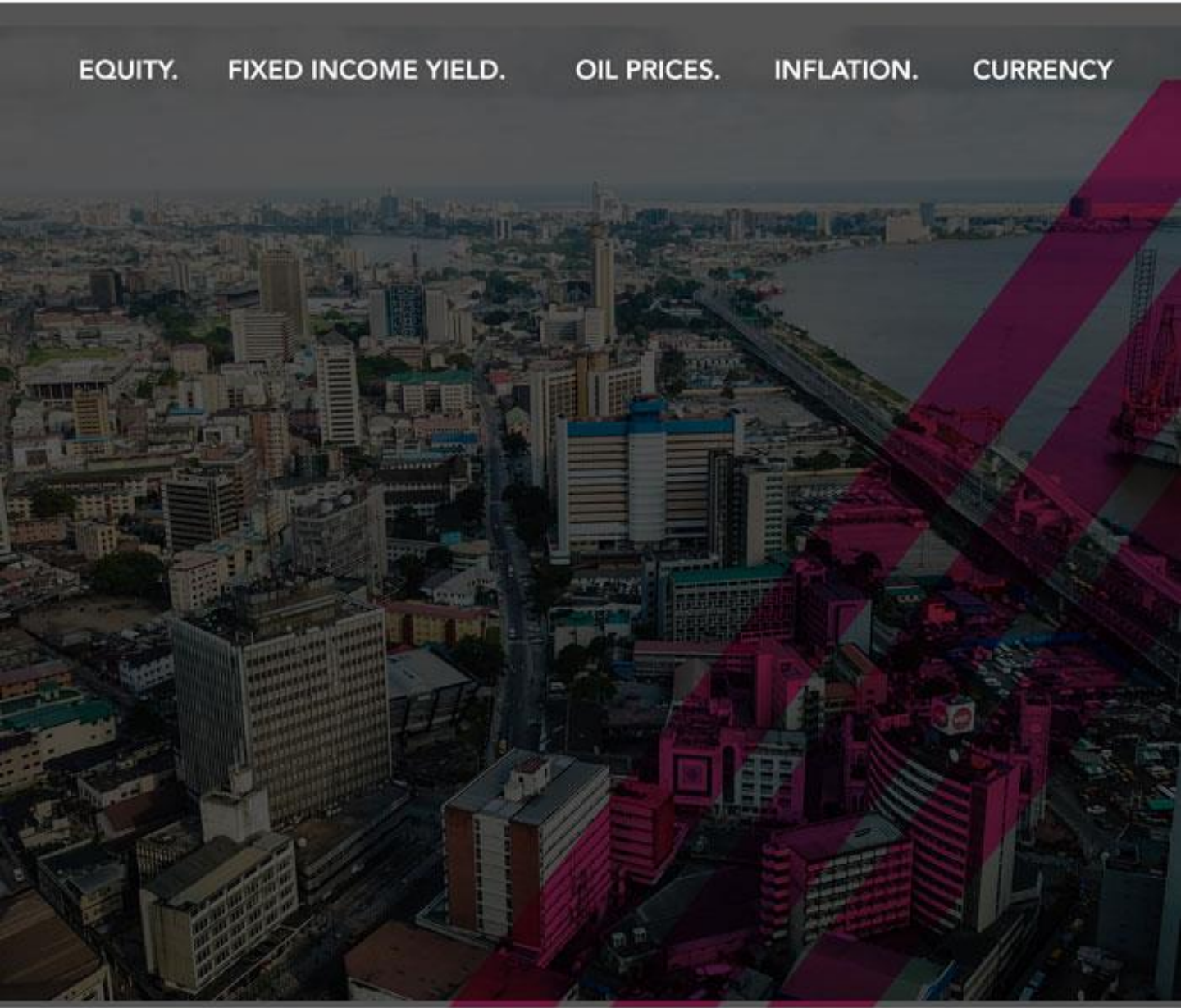




EQUITY. FIXED INCOME YIELD. OIL PRICES. INFLATION. CURRENCY



Mutual Funds Factsheet

July 2023

GLOBAL

- The International Monetary Fund (IMF) has projected global economic growth to fall from its estimated 3.5% in 2022 to 3.0% in both 2023 and 2024.
- US CPI increased by 3.0% Year-on-Year (YoY) in June 2023 marking its lowest annual rate increase since March 2021. Month-on-Month (MoM), CPI increased 0.20% from 0.10% in May 2023.
- UK headline Inflation rose by 7.90% YoY in June 2023 compared to 8.70% YoY in May 2023. On a MoM basis, Headline CPI increased by 0.10% MoM in June (vs. 0.80% MoM in May 2023).
- In the global equities market, performance were largely positive and so it was for the indexes under our coverage except for the SHCOMP which dipped by 1.49% in the month. The S&P 500 (+16.43%), STOXX (+9.23%), FTSE 100 (5.07%), S&P/TSX (8.37%), and NIKKEI 225 (18.18%) indexes all closed on a positive note.

DOMESTIC

- Capital importation in Q1 2023 decreased by 28.00% YoY to USD1.13bn (vs USD1.57bn in Q1:2022). Both Portfolio Investment (-32.20% YoY to USD649.28mn) and Foreign Direct Investment (-69.28% YoY to USD47.60mn) posted decline in the period.
- Headline inflation in June increased by 38bps YoY to 22.79% compared with 22.41% in May 2023. This increase is on the back of a surge in food (+43bps) and core inflation(+22bps) respectively.
- The MPC maintained its hawkish streak for the eighth (8th) consecutive time since May 2022, increasing the Monetary Policy Rate (MPR) by 25bps to 18.75%. The asymmetric corridor was adjusted to +100/-300bps around the MPR.
- Nigeria PMI showed further deceleration as it slowed to 51.7 points in July 2023 (compared to 53.2 points in June 2023), an indication that economic expansion continues albeit at a slower pace in the period.

FINANCIAL MARKET UPDATE

EQUITIES

- The NGX All-Share Index (ASI) closed higher on a MoM basis, gaining 5.52% MtD. The rally during the previous month was sustained with a Year-to-Date (YtD) return of 25.53% recorded (vs. 18.96% in June 2023).
- Performance remained positive across all sectors under our coverage. The Industrial Goods (+18.35% YtD), Consumer Goods (+44.96% YtD), Oil and Gas (+101.39% YtD), Insurance (+49.54% YtD), and Banking (+60.53% YtD) sectors all closed on a positive note

FIXED INCOME

Primary Market

- Average stop rates at the NTB auctions in July 2023 rose by 63bps to 6.41% from 5.78% in June 2023. This is following reduction in demand in July 2023, as evidenced by the 243bps decline in average bid-to-cover ratio to 3.19x (vs 5.62x in June 2023). Notably, the July 26th auction result following the MPC meeting was characterized by bearish sentiment as average stop rate surged 462bps to settle at 8.72% (vs. 4.10% at the previous auction).
- At the primary bond auction for July 2023, the Debt Management Office (DMO) sold NGN656.74bn worth of bonds across four re-opening instruments. There was improved demand for the instruments, as average bid-to-cover ratio increased by 86bps to 2.63x (vs. 1.76x at the last auction). Consequently, average stop rate declined by 131bps to 13.63% from 14.94% at the last auction.

Secondary Market

- In July 2023, the secondary fixed income market closed bearish as average yield rose by 45bps MoM to settle at 10.11%. We note the quick turn-around in yield movement following a further hike at the monetary policy committee meeting. The secondary NT-Bills and Bond market closed on bearish note as average yield advanced 78bps MoM to 7.12% and 12bps MoM to 13.10%, respectively.

FUND STRUCTURE

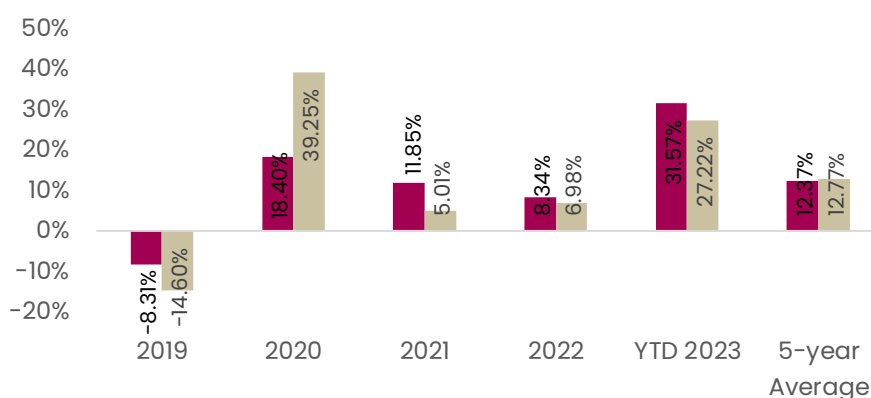
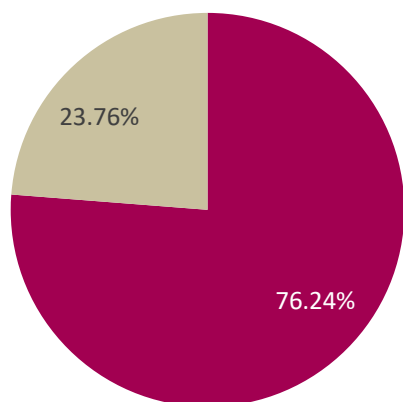
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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	₦3.18 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	-0.22%
Equity Beta	0.88
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ 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	27%	Overweight	DANGCEM	16%	Overweight
Industrials	26%	Overweight	MTNN	11%	Underweight
Telecomms	13%	Underweight	BUACEMENT	8%	Overweight

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FUND STRUCTURE

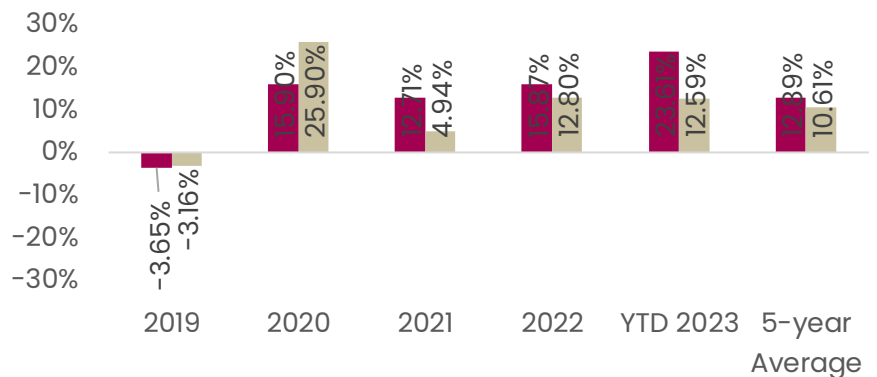
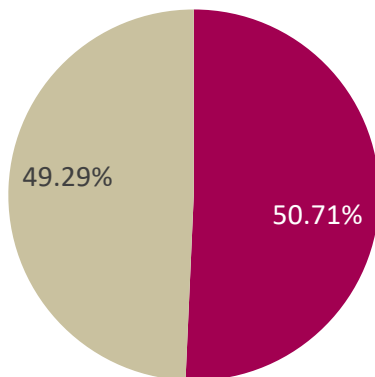
The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate 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	₦5.90 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	2.73%
Equity Beta	0.82
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Equity ■ Fixed Income

■ Return ■ Benchmark

Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	18%	Overweight	DANGCEM	11%	Overweight
Financial Services	16%	Overweight	BUA CEMENT	6%	Overweight
Consumer Goods	8%	Overweight	MTNN	4%	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

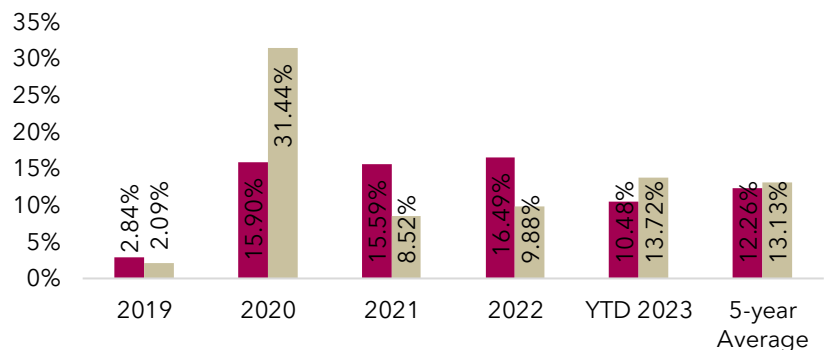
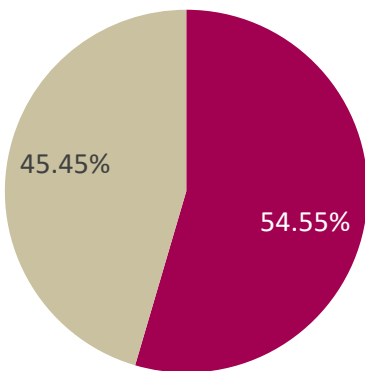
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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	₦648.05 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	0.18%
Equity Beta	0.79
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Alternatives ■ Equities

■ Return ■ Benchmark

Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	23%	Underweight	BUAFOODS	9%	Underweight
Industrial	18%	Overweight	DANGCEM	9%	Overweight
Telecoms	11%	Underweight	MTN	8%	Overweight

ARM SHORT TERM BOND FUND



FUND STRUCTURE

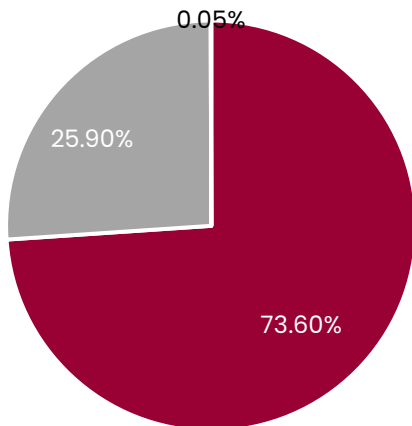
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

FUND OBJECTIVE

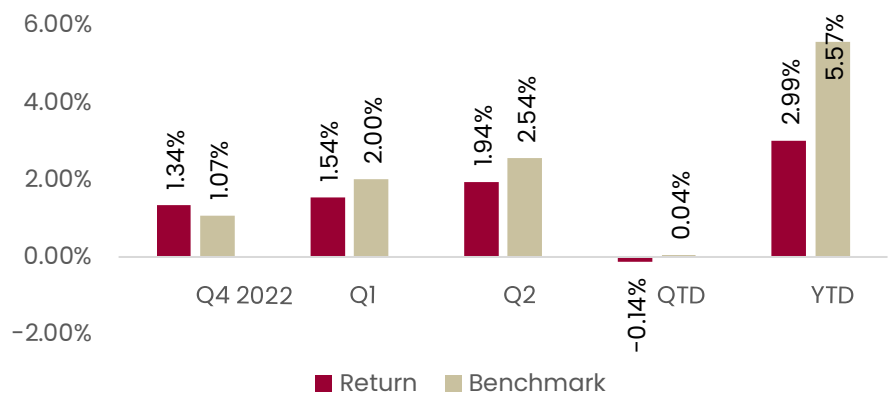
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

KEY FACTS

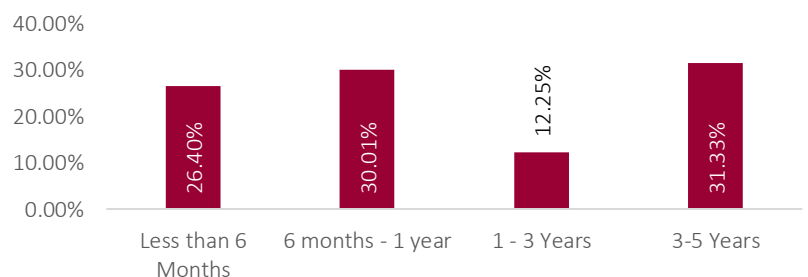
Launch Date	April 2022
Size of Fund	N856.57 Million
Initial Investment Amount	N10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Low - Medium
Monthly Relative Return	-0.01%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- Bonds
- Short Term Instruments
- Cash



MATURITY PROFILE



Fund Duration	1.23
Holding Yield	9.77%

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ARM FIXED INCOME FUND



FUND STRUCTURE

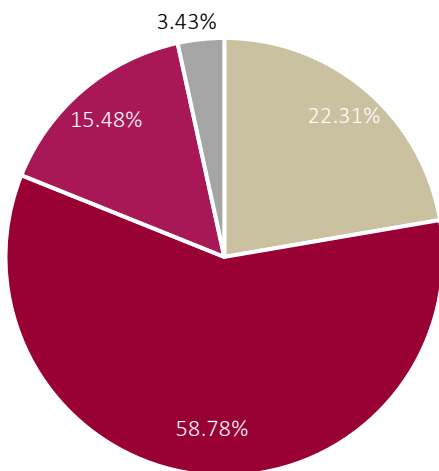
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

FUND OBJECTIVE

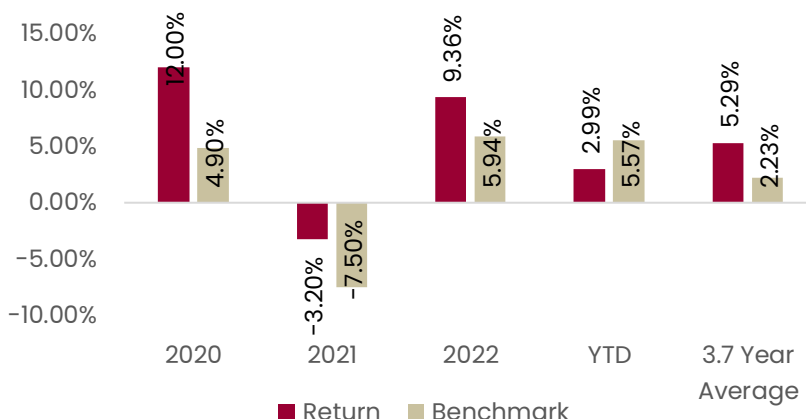
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

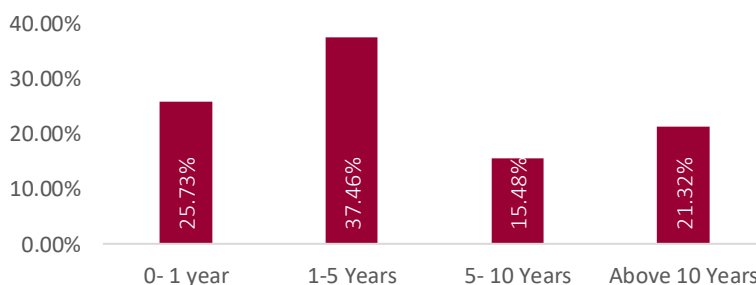
Launch Date	February 2020
Size of Fund	₦623.22 Million
Initial Investment Amount	₦5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium - High
Monthly Relative Return	-0.17%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- Short Term Instruments
- Bonds
- SGN Bond



MATURITY PROFILE



Fund Duration	2.87
Holding Yield	12.20%

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FUND STRUCTURE

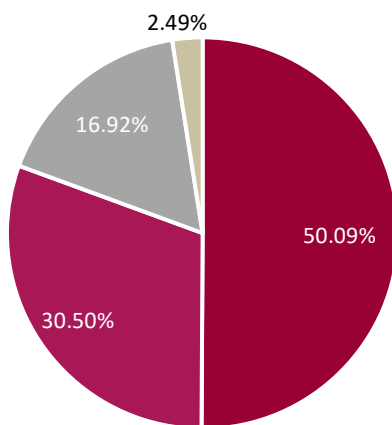
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

FUND OBJECTIVE

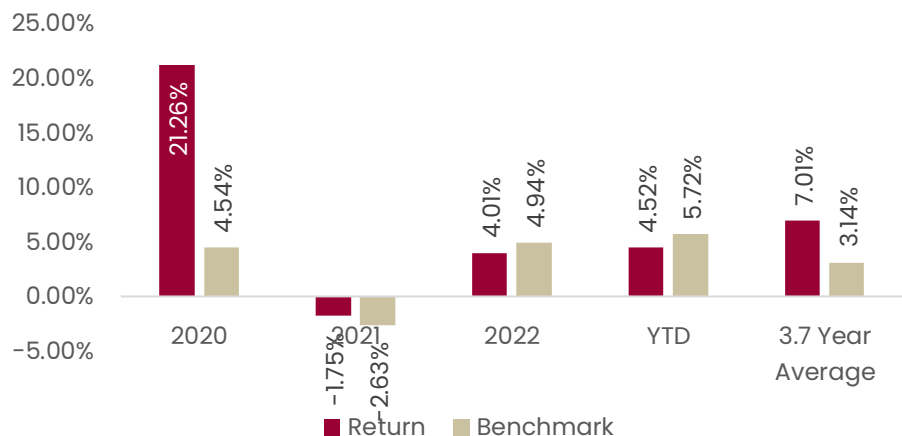
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

KEY FACTS

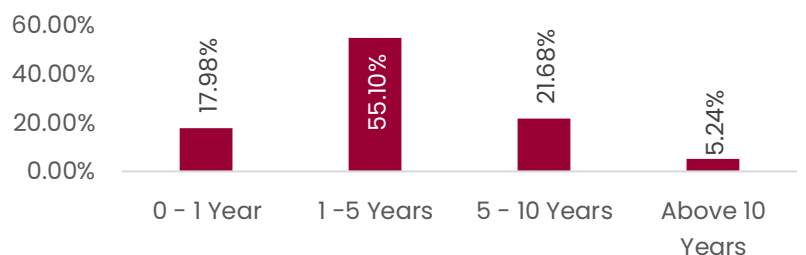
Launch Date	February 2020
Size of Fund	\$10.77 Million
Initial Investment Amount	\$1,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
Trustee	STL Trustees Ltd.
Risk Profile	Medium-High
Custodian	Rand Merchant Bank
Monthly Relative Return	-0.57%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Eurobond
- Corporate Eurobond
- Short Term Instruments
- Cash



MATURITY PROFILE



Fund Duration	3.07
Holding Yield	8.38%

ARM MONEY MARKET FUND



FUND STRUCTURE

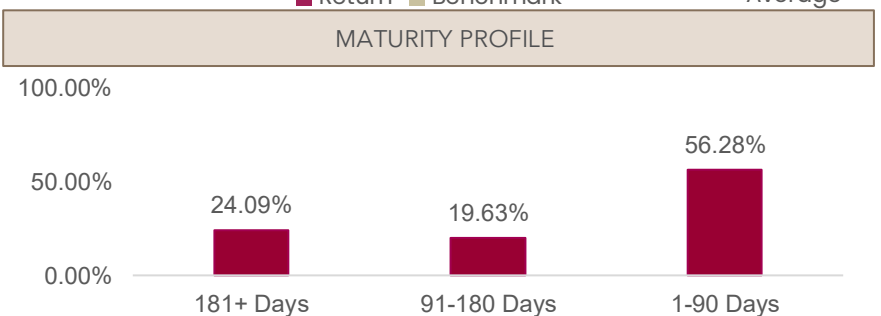
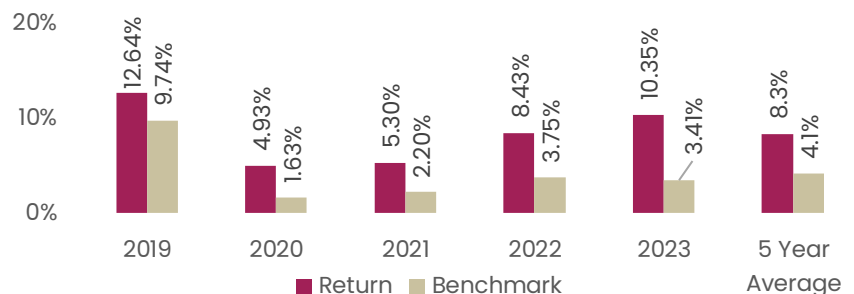
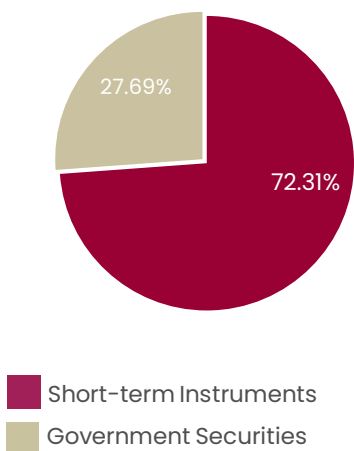
The ARM Money Market Fund is an open-ended fund, authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by Securities & Exchange Commission (SEC).

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	₦ 76.70 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	4.06%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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GLOBAL MARKETS

GLOBAL ECONOMY

In July 2023, while major economies such as the US and UK experienced disinflation, their respective central banks remained hawkish as they strive to bring inflation to acceptable levels. Also, the economic slowdown witnessed in China over the past few months has weighed on global growth as the world's second-largest economy posted depressed consumer expenditure. Nonetheless, the International Monetary Fund (IMF), in its July 2023 World Economic Outlook revised 2023 global GDP forecast upward by 20bps from 2.80% to 3.00%.

GLOBAL EQUITIES

Sustaining the performance posted in July 2023, we expect earnings releases and the pervasive expectation of a soft landing for the US economy to anchor improved optimism in the global equities market in August 2023. For context, analyst consensus suggests that the Federal Reserve would not do any further rate hike in the year suggesting that the time for a dovish turn might just be around the corner. Thus, the expectation of improved valuation is expected to further drive traction towards the market.

DOMESTIC MARKETS

EQUITY

Looking into August, we expect the equities market to largely be muted given the expectation of profit-taking and the release of mixed Q2 2023 earnings performance, propelling investors to reassess earnings outlook amidst protracted economic headwinds. Thus, we expect that there would still be positive plays solely on value tickers as Investors rebalance their portfolios in favour of the fixed income market.

FIXED INCOME

In the fixed income market, we expect the CBN to continue to encourage actions that would promote yield rise in the short to medium term as it continues in its track to improve the real rate of return in the economy. In addition, the actions of the apex bank towards improving the real rate of return has trickled into the market thinning out financial system liquidity and increase in yields across all the naira fixed income market. We expect this sentiment to dominate the market and support further rise in yields in the short to medium term given the continued rise in consumer prices; an indication that there might be further incentives to continue the path of narrowing the negative real rate of returns.



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