



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

October 2023

GLOBAL

- US inflation rose 0.4% Month-on-Month (MoM) in September 2023, slower than 0.6% MoM recorded in August 2023. Year-on-Year, inflation reached 3.7%, unchanged from August.
- In the UK, Headline CPI accelerated by 0.5% MoM and 6.7% YoY in September 2023, with both figures unchanged from August 2023. The rising cost of motor fuel had the highest contribution to the annual figure.
- The S&P Global Flash US composite output index rose to 51.0 points in October 2023, up from 50.2 points in September 2023. In contrast, the UK Composite PMI expanded marginally to 48.6 points in October 2023, up from 48.5 points in September 2023, but remained below the 50.0 points threshold, indicating a contraction in business activity.
- Major indices under our coverage gained, except for the FTSE 100 (-1.77% YTD) and the SHCOMP (-2.14% YTD). The S&P 500 (+9.23% YTD), STOXX (+7.05% YTD), NASDAQ (+31.72% YTD), and Nikkei 225 (+21.10% YTD) indices all closed higher.

DOMESTIC

- Headline inflation increased by 92bps to 26.72% YoY in September from 25.80% YoY in August 2023. Food and Core inflation surged 130bps and 69bps, respectively to 30.64% YoY and 21.84% YoY.
- September Stanbic IBTC Purchasing Managers' Index (PMI) rose to 51.1 points up from 50.2 points in August 2023.
- The Federal Executive Council proposed a 2024 budget of NGN26.01trn, a 19.15% increase from the 2023 budget. The budget breakdown includes recurrent expenditure: NGN10.26trn, capital expenditure: NGN7.97trn, and debt service: NGN8.25trn.
- Based on the capital Importation report for Q2:2023, total capital imported declined by 32.90% YoY to settle at USD1.03bn in Q2:2023 (vs. USD1.16bn in Q2:2022). This follows significant declines in two of its major components, Foreign Direct Investment (-41.54% YoY to USD86.03mn) and Foreign Portfolio Investment (-85.89% YoY to USD106.85).
- Morgan Stanley Capital International (MSCI) reclassified Nigeria's MSCI indexes from a Frontier Markets to Standalone Markets Status. MSCI attributed the primary reason for Nigeria's market reclassification to persistent FX liquidity issues.
- Nigeria's oil production increased by c.14% to 1.35MMbpd in September (vs. 1.18MMbpd in August 2023). Although, this remains below the OPEC quota of 1.8MMbpd.

FINANCIAL MARKET UPDATE

FIXED INCOME

PRIMARY MARKET

- The average stop rate at the NTB auctions in October 2023 decreased by 51bps MoM reaching 7.67% (vs. 8.18% in September 2023). Similarly, average bid-to-cover ratio increased to 7.34x (vs. 4.25x in September 2023).
- In October 2023, the Debt Management Office (DMO) sold NGN334.76bn worth of bonds through the re-openings of the 2029, 2033, 2038 and 2053 instruments. There was an increase in average bid-to-cover ratio, by 23bps MoM to 1.34x (vs. 1.11x of the last auction in August). Similarly, the average stop rate increased by 33bps MoM to 15.76% (vs. 15.44% at the last auction).

SECONDARY MARKET

- In October 2023, the secondary fixed income market ended on a bearish note, witnessing an increase in average yields by 195bps MoM, which settled at 11.13%. Likewise, the secondary market for NT-Bills and Bonds experienced a bearish outing, with average yields rising by 299bps MoM and 88bps MoM to 10.93% and 15.33%, respectively.

EQUITIES

- The Nigerian Equities market rebounded from its bearish outing last month, as the NGX ASI surged by 430bps MoM to 69,236.19 points. This robust gain brought the market's Year-to-Date (YTD) return up to 35.09% (vs. 29.52% in September 2023).
- On a sectoral basis, all sectors under our coverage closed positive except the Insurance sector (-1.61% MoM). Specifically, the Banking (+7.54% MoM), Industrial Goods (+6.54% MoM), Oil and Gas (+2.38% MoM) and Consumer Goods (+1.48% MoM) recorded gains in October 2023.

FUND STRUCTURE

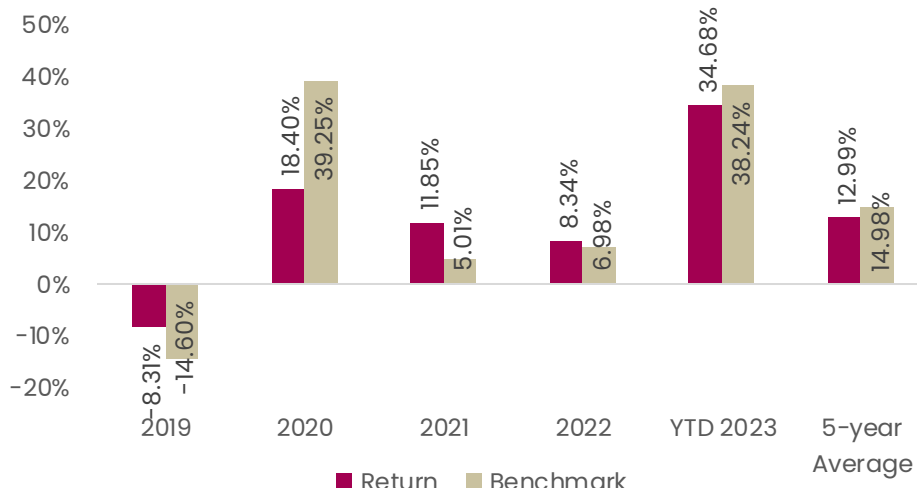
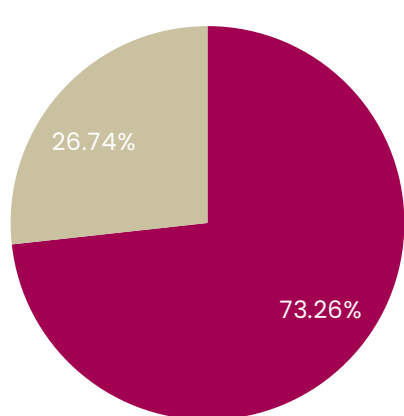
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme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

Launch Date	April 2007
Size of Fund	₦3.19 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	-3.04%
Equity Beta	0.87
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	26%	Overweight	DANGCEM	14%	Overweight
Consumer Goods	16%	Overweight	MTNN	13%	Overweight
Telecomms	15%	Underweight	BUACEMENT	9%	Overweight

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FUND STRUCTURE

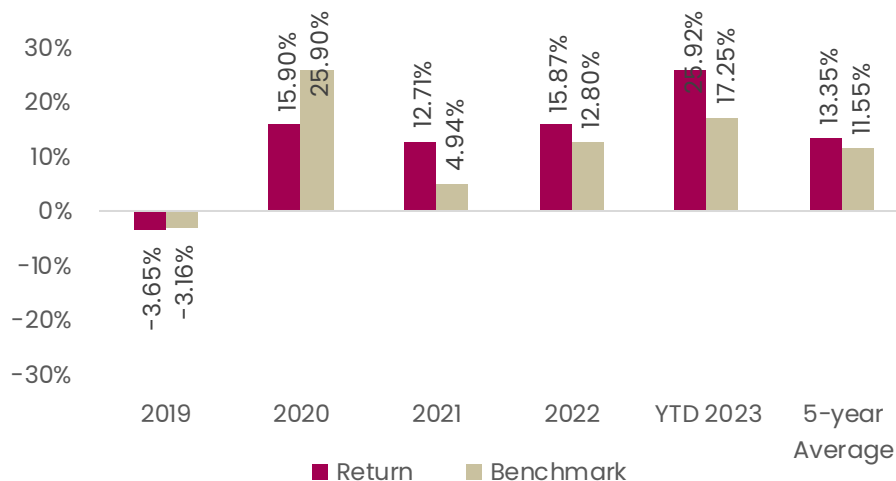
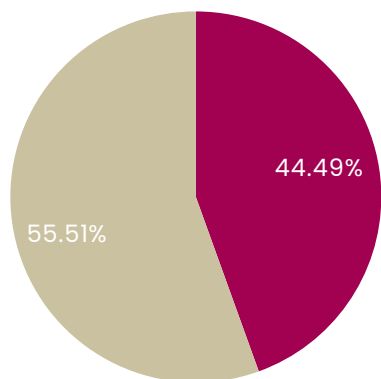
The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate 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	₦6.00Billion
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	-0.61%
Equity Beta	0.82
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	15%	Overweight	DANGCEM	8%	Overweight
Consumer Goods	11%	Overweight	MTNN	7%	Overweight
Telecomms	9%	Underweight	BUACEMENT	6%	Overweight

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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

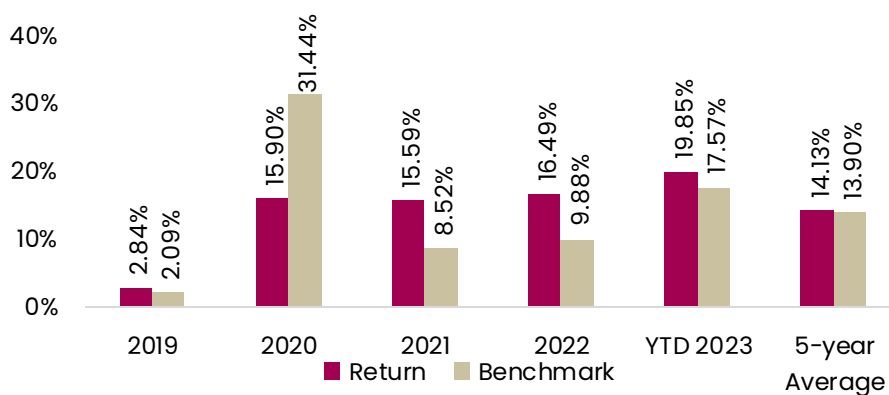
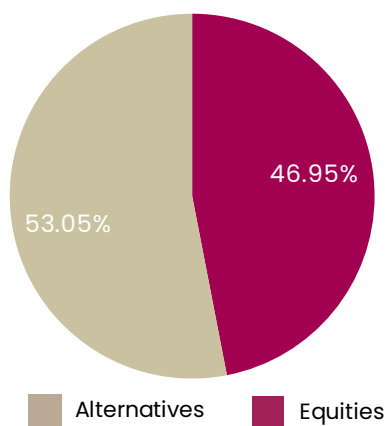
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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.

Fund Structure	Open-Ended
Size of Fund	₦718.99 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	1.44%
Equity Beta	0.69
FUND ASSET ALLOCATION	FUND PERFORMANCE



Top 3 Equity Sector Exposures			Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	24%	Overweight	BUAFOODS	13%	Overweight
Industrial	15%	Overweight	OKOMU OIL	7%	Overweight
Telecoms	7%	Underweight	MTN	6%	Overweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

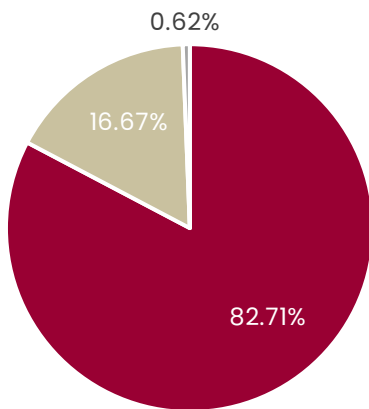
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and a maximum of 100% in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

FUND OBJECTIVE

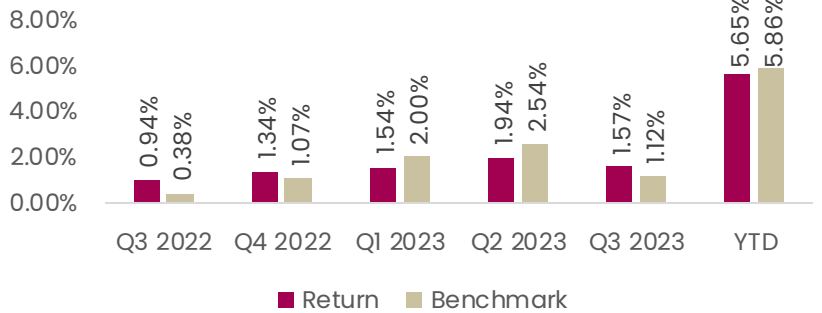
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium-term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3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

KEY FACTS

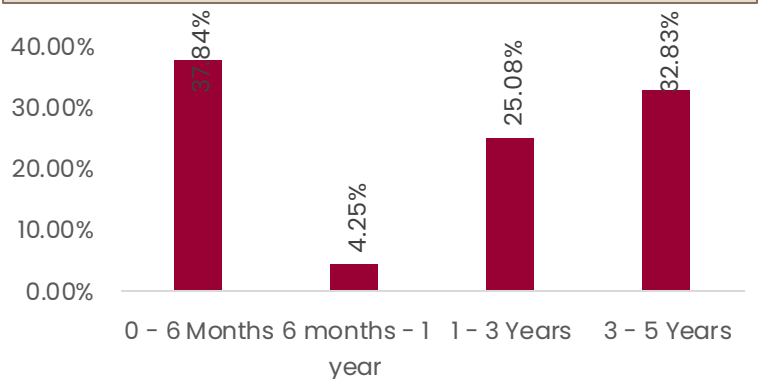
Launch Date	April 2022
Size of Fund	N 987.26 Million
Initial Investment Amount	N10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand 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	0.03
Holding Yield	11.11%

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ARM FIXED INCOME FUND



FUND STRUCTURE

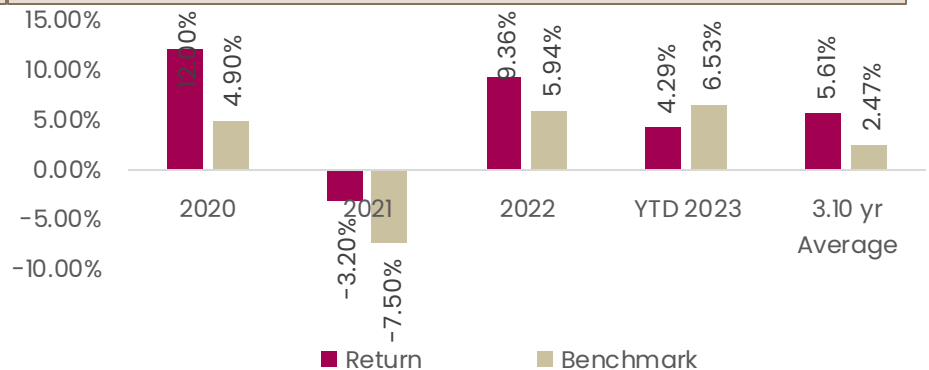
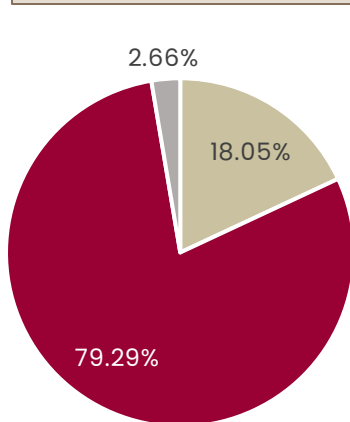
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

FUND OBJECTIVE

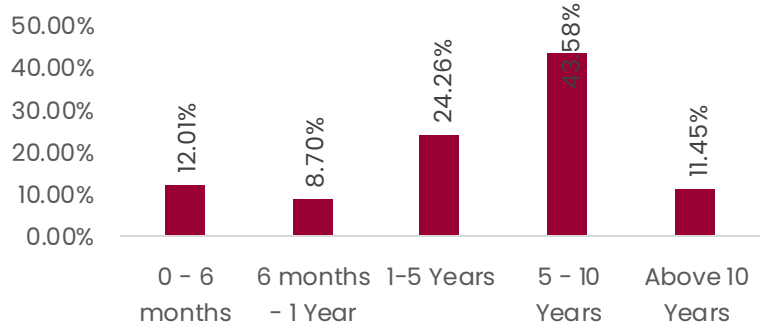
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

Launch Date	February 2020
Size of Fund	₦1,123.83 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	0.06%
FUND ASSET ALLOCATION	FUND PERFORMANCE



MATURITY PROFILE



Fund Duration	0.07
Holding Yield	14.05%

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FUND STRUCTURE

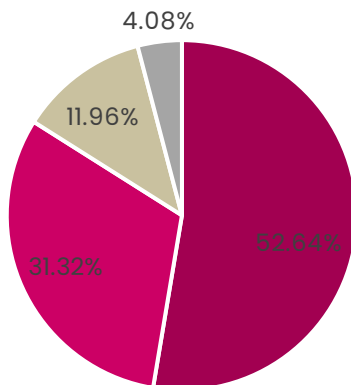
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

FUND OBJECTIVE

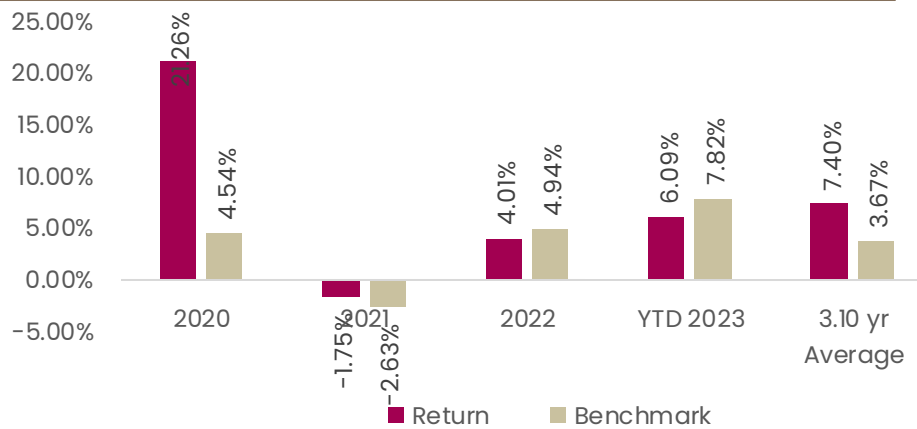
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

KEY FACTS

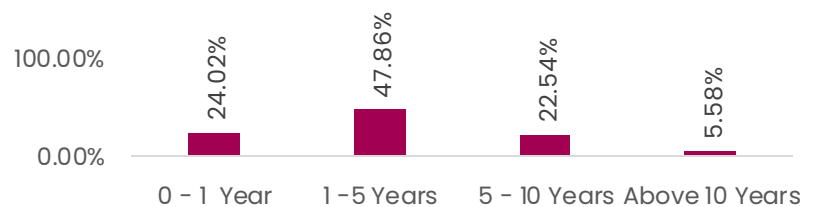
Launch Date	February 2020
Size of Fund	\$10.31 Million
Initial Investment Amount	\$1,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
Trustee	STL Trustees Ltd.
Risk Profile	Medium-High
Custodian	Rand Merchant Bank
Monthly Relative Return	-0.40%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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



MATURITY PROFILE



Fund Duration	0.05
Holding Yield	8.52%

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FUND STRUCTURE

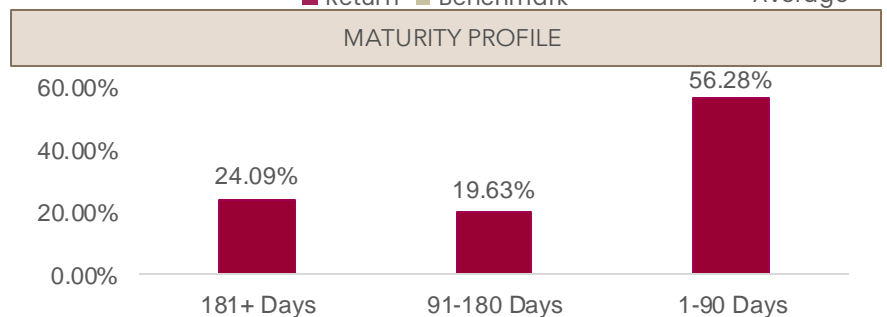
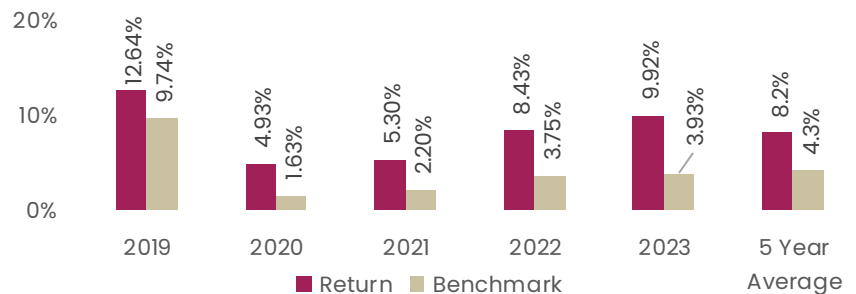
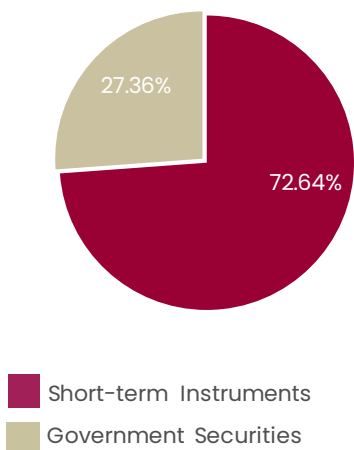
The ARM Money Market Fund is an open-ended fund, authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by Securities & Exchange Commission (SEC).

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	₦ 78.28 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	4.07%
FUND ASSET ALLOCATION	FUND PERFORMANCE



GLOBAL MARKETS

In October 2023, China's GDP grew by 4.9% year-over-year in Q3:2023, but manufacturing and non-manufacturing PMIs fell to their lowest levels since December 2022. The World Bank maintained its forecast of China's GDP growth of 5.1% year-over-year in 2023 but cut its 2024 forecast from 4.8% year-over-year to 4.4% year-over-year.

The European Central Bank (ECB) held its policy rates constant after a streak of 10 consecutive hikes, citing the need to observe the lagged impact of previous policy decisions. The US economy remained resilient in the third quarter of 2023, with real GDP increasing at an annual rate of 4.9% year-over-year.

GLOBAL EQUITIES

The trajectory of the global equities market in November 2023 is likely to be impacted by monetary policy decisions, the ongoing conflicts in Europe and the Middle East, and uncertainties around growth in China. However, the release of Q3:2023 earnings reports globally may support stock market performance.

DOMESTIC MARKETS

EQUITY

The positive performance seen in October is likely to extend in November 2023 as investors engage in bargain-hunting activities following the release of 9M 2023 earnings results. Conversely, just a month after FTSE Russell downgraded Nigeria from a Frontier Market to an Unclassified Market category, the MSCI has announced the reclassification of the country's status from Frontier Markets to Standalone Markets, which will become effective on February 29, 2024. This decision is based on the ongoing effects of Nigeria's foreign exchange illiquidity.

This downgrade is occurring at a time when foreign investors have very limited involvement in the Nigerian equities market, and as a result, we anticipate a subdued impact on the equities market in the interim.

FIXED INCOME

We are expecting NTBs worth NGN500.09 billion will mature in November 2023, along with bond coupon payments of NGN23.30 billion. Yields are anticipated to remain high in November 2023 due to restrictive monetary policies.