



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

September 2023

GLOBAL

- Inflation in the US remains persistent in August 2023 as CPI rose 3.7% Year-on-Year (YoY) from 3.2% recorded in July 2023. This was largely driven by higher gasoline prices.
- The S&P Global Flash US composite output index declined for the fourth consecutive month to 50.1 points in September from 50.2 points in August. This underpins a broad stagnation in activity across the private sector. Manufacturing PMI settled at 48.9 points signaling further contraction within the sector.
- The Brent crude peaked at USD96.11 per barrels in September 2023, following the supply cut extensions announced by Saudi Arabia and Russia alongside a fall in US crude stocks.
- Major indices under our coverage closed in the positive territory. The S&P 500 (11.68%) STOXX (8.67%), NASDAQ (26.30%), FTSE 100 (3.09%) Nikkei 225 (+22.09%) and SHCOMP (+0.69%) indices all recorded positive performance.

DOMESTIC

- Headline inflation for August jumped by 172bps YoY to 25.80% from 24.08% in July 2023. Food and Core inflation surged 235bps YoY and 67bps to 29.34% and 21.15% respectively.
- The National Bureau of Statistics (NBS) reported an increase in Company Income Tax (CIT) for Q2:2023, as it soared 226.40% QoQ to NGN1.53trn in Q2 2023 (vs NGN469.01bn in Q1 2023).
- The Nigeria's Purchasing Managers' Index (PMI) for August 2023 fell from 51.7 points in July 2023 to 50.2 points. The fall is on the back of persistent inflationary trend, hike in the price of PMS and low FX supply.
- Dangote Refinery is set to begin production of up to 370,000 b/d of diesel and jet fuel from October 2023 and petrol refining by November 2023.
- Nigeria's oil production went up to 1.4MMbpd in August 2023 compared to 1.3MMbpd in July 2023. The rise in oil production is on the back of the return of the Forcados Refinery as well as improved security measures and industry
- The Nigerian Senate officially confirmed Dr. Olayemi Michael Cardoso as the Governor of the Central Bank of Nigeria (CBN) and approved the appointment of four (4) deputy governors on September 26, 2023.

FINANCIAL MARKET UPDATE

FIXED INCOME

Primary Market

- The Average stop rates for NTB auctions in September 2023 rose by 21bps to reach 8.18%, (vs.7.81% in August 2023). However, we observed a decline in demand for the instruments as average bid-to-cover ratio dipped by 101bps to 4.25x (vs. 5.26x in August 2023).
- In September 2023, the Debt Management Office (DMO) auctioned NGN251.50bn worth of bonds through the re-opening of four instruments. There was a drop in the average bid-to-cover ratio, which fell by 6bps to 0.81x (vs. 0.87x at the last auction). Consequently, the average stop rate rose by 46bps to 15.44% (vs. 14.98% at the last auction).

Secondary Market

- In September 2023, the secondary fixed income market closed bearish as average yield rose by 53bps MoM to settle at 11.19%. Similarly, the secondary NT-Bills and Bond market closed on a negative note as average yield advanced 67bps MoM and 38bps MoM each to 7.94% and 14.44% respectively.

EQUITIES

- The NGX All-Share Index (ASI) shed 25bps MoM to settle at 66,382.14 points. Consequently, the Year-to-Date (YtD) return fell to 29.52% (vs.29.85% in August 2023).
- The market's negative performance was despite gains in the Banking (+3.08% MoM), Consumer Goods (+6.53% MoM) and Insurance (+5.30% MoM) sectors. However, Industrial Goods (-6.91% MoM) and Oil and Gas (-2.75% MoM) sectors ended the month bearish.

FUND STRUCTURE

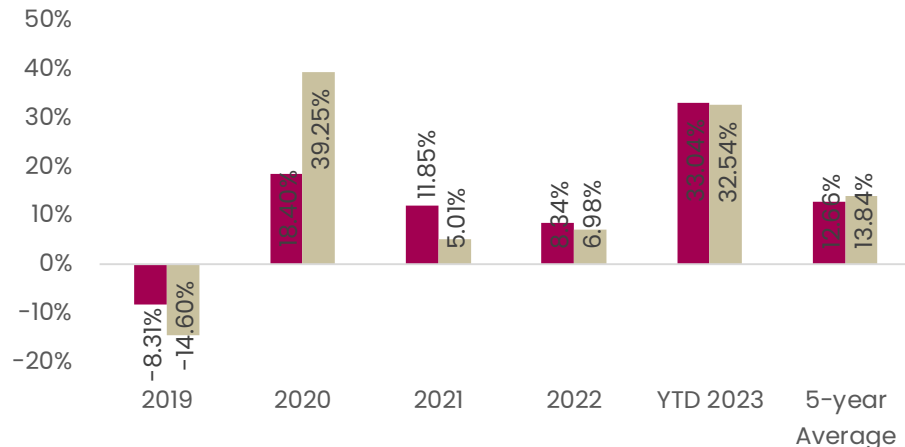
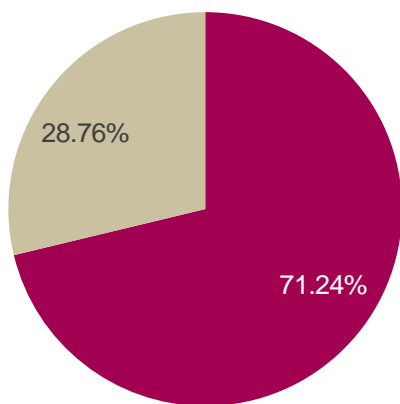
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme 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	₦3.22 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	-0.41%
Equity Beta	0.89
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
Industrials	24%	Overweight	DANGCEM	14%	Overweight
Consumer Goods	15%	Overweight	MTNN	13%	Overweight
Telecomms	17%	Underweight	BUACEMENT	7%	Underweight

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FUND STRUCTURE

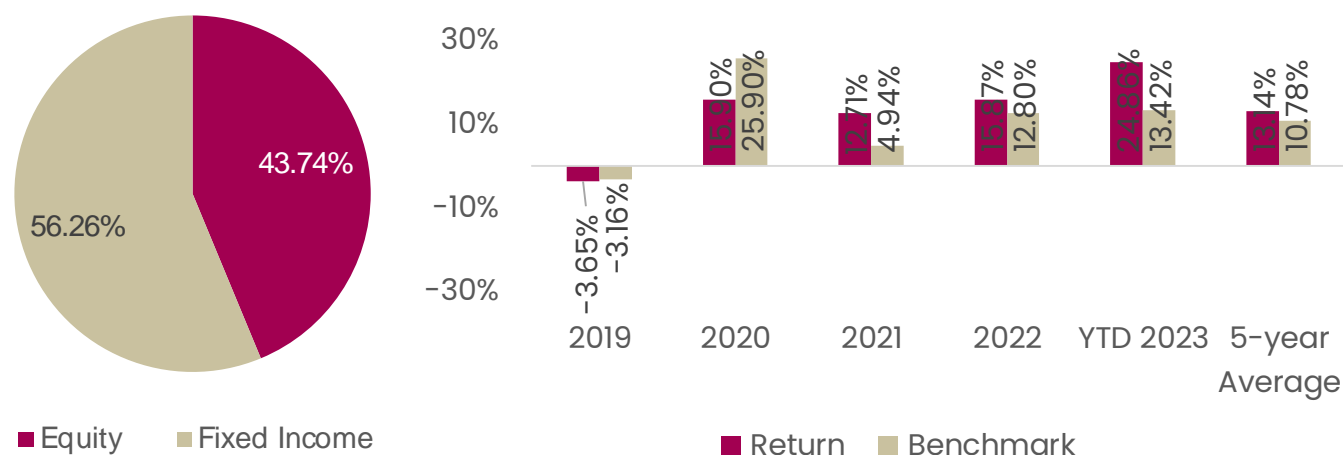
The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate 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	₦5.94 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	-0.12%
Equity Beta	0.84
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	10%	Underweight	BUA CEMENT	5%	Overweight

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

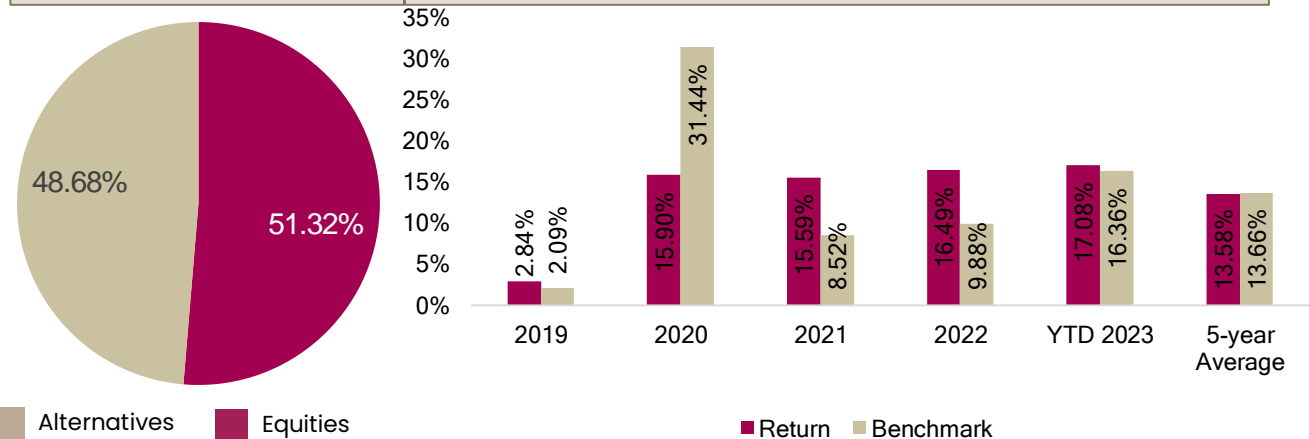
The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

- 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	₦699.74 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	2.00%
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	25%	Underweight	BUAFOODS	13%	Overweight
Industrial	15%	Overweight	OKOMU OIL	8%	Overweight
Telecoms	7%	Underweight	MTN	7%	Underweight

ARM SHORT TERM BOND FUND



FUND STRUCTURE

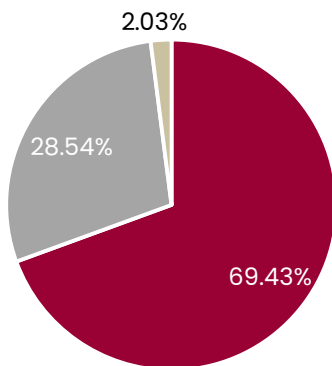
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in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

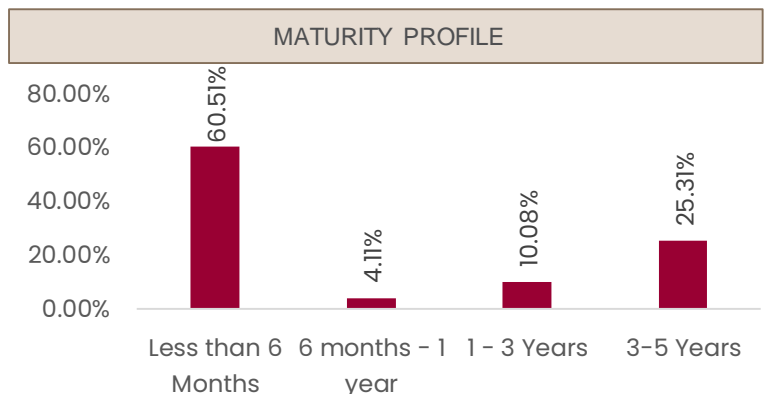
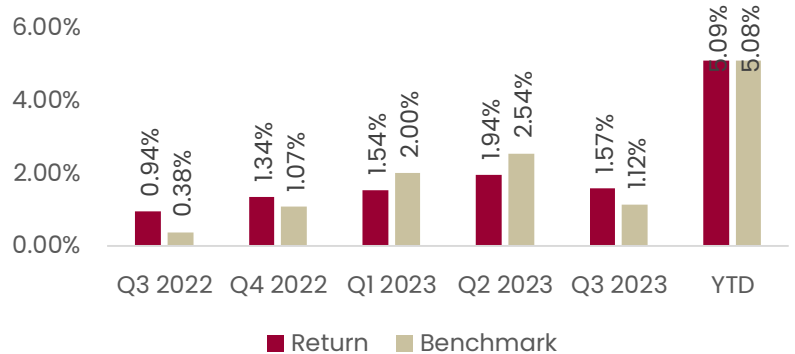
KEY FACTS

Launch Date	April 2022
Size of Fund	N1,007.61 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	0.18%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- Bonds
- Short Term Instruments
- Cash

Fund Duration	1.25
Holding Yield	10.58%



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ARM FIXED INCOME FUND



FUND STRUCTURE

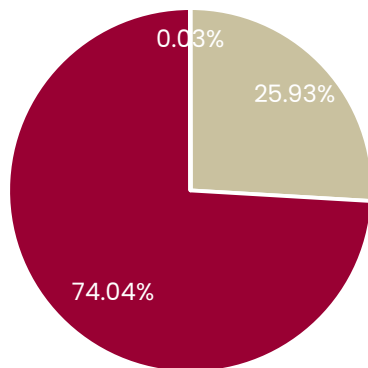
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond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

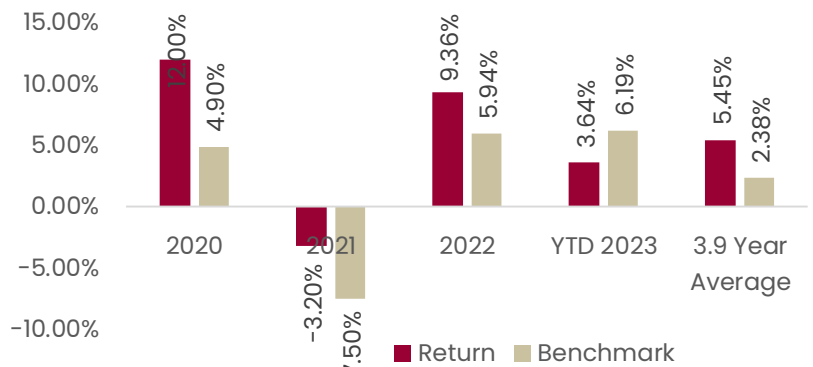
KEY FACTS

Launch Date	February 2020
Size of Fund	₦862.72 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	-0.09%
FUND ASSET ALLOCATION	FUND PERFORMANCE

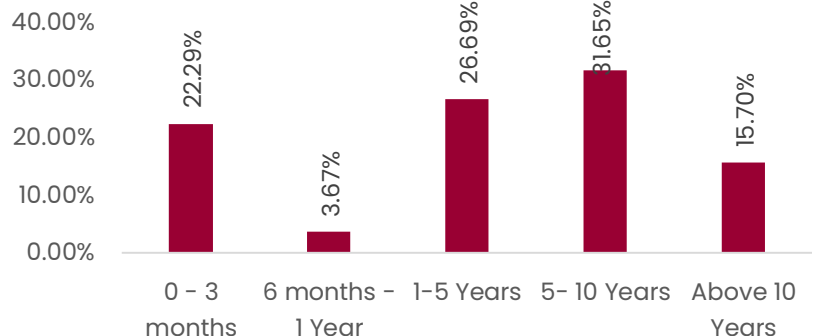


- Short Term Instruments
- Bonds
- Cash

Fund Duration	2.69
Holding Yield	13.05%



MATURITY PROFILE



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FUND STRUCTURE

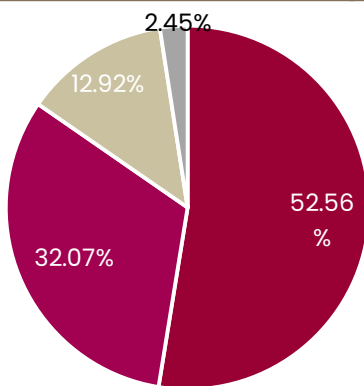
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC).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

FUND OBJECTIVE

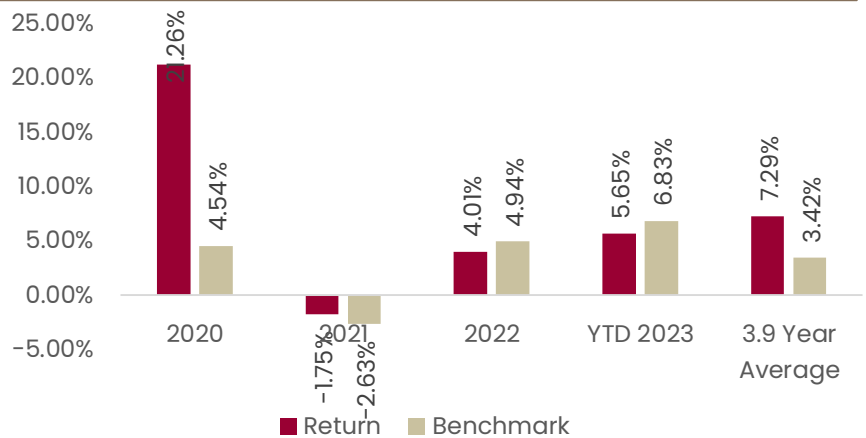
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

KEY FACTS

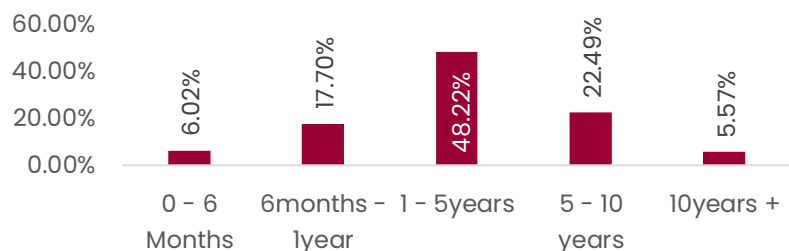
Launch Date	February 2020
Size of Fund	\$10.31 Million
Initial Investment Amount	\$1,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
Trustee	STL Trustees Ltd.
Risk Profile	Medium-High
Custodian	Rand Merchant Bank
Monthly Relative Return	0.00%
FUND ASSET ALLOCATION	FUND PERFORMANCE



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



MATURITY PROFILE



Fund Duration	3.09
Holding Yield	8.52%

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ARM MONEY MARKET FUND



FUND STRUCTURE

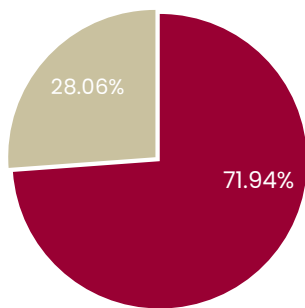
The ARM Money Market Fund is an open-ended fund, authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by Securities & Exchange Commission (SEC).

FUND OBJECTIVE

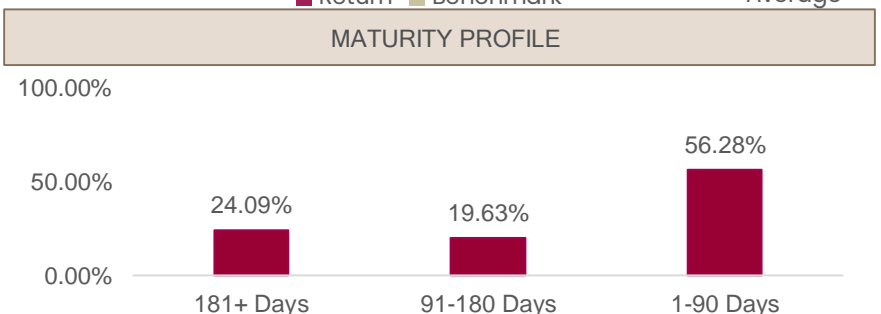
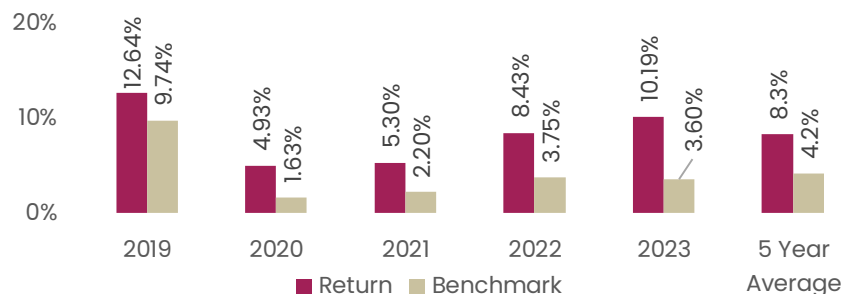
The primary objective of the Fund is to provide a steady stream of income to investors by investing in high-quality short-term money market instruments and government securities, which include; Banker's acceptances, certificates of deposits, commercial papers, Fixed Deposits with eligible financial institutions; 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	₦ 78.44 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	3.98%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- Short-term Instruments
- Government Securities



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GLOBAL MARKETS

September was characterized by a shift in monetary policy by the Bank of England. Better than expected inflation data in the UK underpinned its first policy rate hold at 5.25% after 14 consecutive hikes. Similarly in the US, while a downward trend in core inflation data precipitated the US Federal Reserve holding its policy rate for the second time in 2023, the surge in oil prices driven by supply constraints foreshadows the potential for rates to stay higher for longer. Moreso, despite months of ailing economic activity, China released improved manufacturing output and retail sales data of 4.5% and 4.6%, respectively, in September 2023. However, China's property market slump weighs negatively on its outlook and consequently, Fitch Ratings cut its 2023 China growth forecast by 0.8% to 4.8%. Additionally, the OECD in its recently released Economic Outlook Report projects a global economic growth of 3% and forecasts a decline to 2.7% in 2024, underscored by a sharper than expected economic slowdown in China.

GLOBAL EQUITIES

In October 2023, we expect mixed sentiments in the global equities market on the back of monetary policy direction, China's property crisis and recession talks. Despite major central banks taking a pause on interest rate hikes, we believe that the turbulence in the Chinese economy might pose as a hinderance to positive returns in the market as it seems the series of intervention by the Chinese government have yet to steer the economy towards the magnitude of the expected improvement in market conditions

DOMESTIC MARKETS

EQUITY

We expect the mixed sentiment experienced in September to continue in October due to the recent FTSE Russell downgrade and CBN's guidance to the banking sector on FX gains. We however expect equities market to rebound from its decline in September. We, however, see the possibilities for traction to be driven more toward sectors such as, Banking, Consumer Essentials and industrial goods sector in October 2023.

FIXED INCOME

In the fixed income market, we expect the direction yields to tilt more towards the upside on the back of thinning maturity profiles, expectation of resumption of conventional central banking, and the envisaged upward adjustment in the Monetary Policy Rate by the new leadership at the CBN