



Mutual Fund Fact Sheet

December 2023





Macroeconomics & Market Update

December 2023



MACRO ECONOMIC UPDATE



GLOBAL

- In a synchronized move, the US Federal Reserve and the Bank of England have maintained their respective policy rates at 5.25% - 5.50% and 5.25% for the third consecutive months. This decision signals a possible peak in interest rates across major advanced economies.
- In October 2023, Headline CPI in the US and UK remained unchanged from the previous month at 0.4% MoM and 0.5% MoM respectively. On a Year-on-Year (YoY) basis however, Headline inflation in both regions decelerated to 3.2% YoY and 6.7% YoY.
- The S&P Global Flash US composite output index improved in December 2023 to 50.9pts, from 50.7pts in November 2023, signaling a modest uptick in business activity. In the same breadth, the UK Composite PMI noted an expansion to 52.1pts in October 2023, up from 50.1 points in November 2023. This underpins a significant uptick in economic activities in the United Kingdom.
- All major indices under our coverage gained over the period with exception of the SHCOMP (-1.93% YTD) index. The S&P 500 (+18.97% YTD), Euro STOXX 50 (+15.52% YTD), FTSE 100 (+0.03% YTD) NASDAQ (+45.78% YTD), and Nikkei 225 (+28.33% YTD) indices all closed higher.

DOMESTIC

- Headline inflation rose by 87bps to reach 28.20% YoY, up from 27.33% YoY in October 2023. This increase was driven by Food inflation (+132bps to 32.84% YoY), while Core Inflation (-19bps to 22.38% YoY) decreased slightly
- The Stanbic IBTC PMI recovered in December as it shelved two consecutive months of contraction to post 52.7pts in December, rising from 48 points in November. We ascribe this uptrend to the festivities in the period as new orders grew despite rising price levels
- The National Bureau of Statistics (NBS) released the Q2:2023 unemployment rate, which increased slightly by 1bp QoQ to 4.2% (vs 4.1% in Q1:2023). The report also showed a high labor force participation rate of 80.4% and an employment-to-population ratio of 77.1% among the working-age population in Q2 2023. On separately released data, total trade increased by 54.62% QoQ to NGN18.80trn (vs. NGN12.16trn in Q2:2023). This upswing is attributed to corresponding rises in Total Imports (+47.70% QoQ to NGN8.46trn) and Total Exports (+60.78% QoQ to NGN10.35trn)
- The Nigerian debt stock, including external and domestic debt, grew by 61bps to settle at NGN87.38trn. External debt stands at N31.98trn, representing 36.38% of the total. Domestic debt, however, accounts for a significant 63.62% at NGN55.93trn.

FINANCIAL MARKET UPDATE



EQUITIES

- In December 2023, the Nigerian equities market closed on a bullish note as the NGX ASI increased by 4.78% MoM to settle at 74,773.47 points. Consequently, the market ended the year with a 45.90% YTD return (vs. 39.25% YTD the previous month)
- On a sector basis, only the Banking (+19.94% MoM) and Insurance (+6.24% MoM) closed positive while the Industrial Goods (-2.52% MoM), Consumer Goods (-1.81% MoM) and Oil and Gas (-0.34% MoM) closed in the negative territory.

FIXED INCOME

Primary Market

- In December 2023, the average stop rate at NTB auctions witnessed a decline of 106bps MoM to settle at 10.86% (vs 11.92% in November). The average bid-to-cover ratio surged by 45.05% to close at 49.37x (vs 4.32% in November 2023).
- In December 2023, the Debt Management Office (DMO) auctioned NGN273.63bn worth of bonds through the re-opening of the four instruments. There was a growth in the average bid-to-cover ratio, by 1.23x MoM to 2.46x (vs 1.24x of the last auction. Conversely, the average stop rate dropped by 84bps to settle at 16.29% (vs 17.13% at the last auction).

Secondary Market

- In December 2023, the secondary fixed income market closed on a positive note, as average yields dropped by 275bps MoM to close at 10.21%. Similarly, the NT-Bill witnessed a bullish performance, as the average yield declined by 392bps MoM to 6.29%. Overall, the FGN Bond market closed on a positive note as the average yield fell by 159bps resulting in closing at 14.13%.



Mutual Fund Performance

December 2023

AGGRESSIVE GROWTH FUND



Fund Purpose:

❖ The Aggressive Growth Fund is designed to provide long term capital growth opportunities for clients with high risk tolerance.

Investment Approach:

❖ The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange.

❖ A top-down approach is used in the stock selection into the Fund.

❖ The 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.

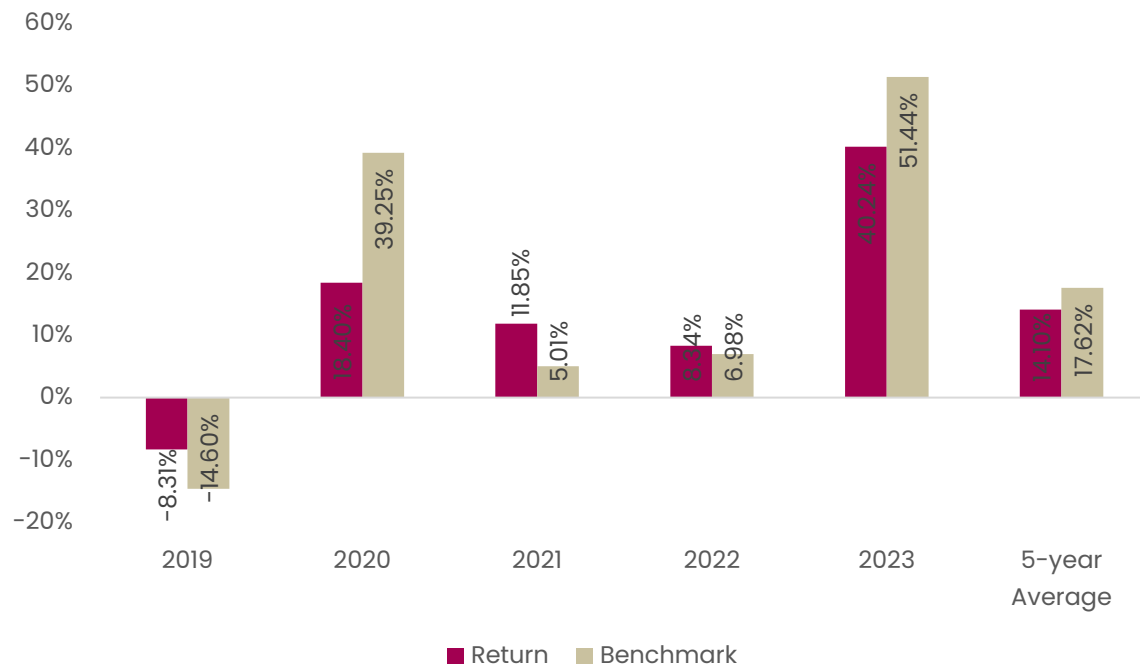
Fund Details	
Benchmark	NGX30 Index
Comparable	FMAN List of Equity Funds
Custodian	Rand Merchant Bank Limited
Trustee	FBNQuest Trustees Nigeria Limited
Launch Date	2007
AuM	₦3.32bn
Annual Expense Ratio (YtD)	1.89%
Min Initial Investment	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark
Portfolio Allocation	Equity (70% - 100%): Fixed Income (0-30%)

Top 3 Equity Sector Exposures			Top 3 Equity Exposures			Portfolio Analysis	
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING	SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING		
Telecomms	29%	Overweight	DANGCEM	11%	Overweight	Portfolio Beta	0.93
Industrials	23%	Overweight	MTNN	13%	Overweight	Number of Stocks	29
Consumer goods	9%	Underweight	AIRTEL AFRICA	13%	Overweight	Monthly Relative Returns	-2.73%
						Dividend Yield	2.04%

AGGRESSIVE GROWTH FUND

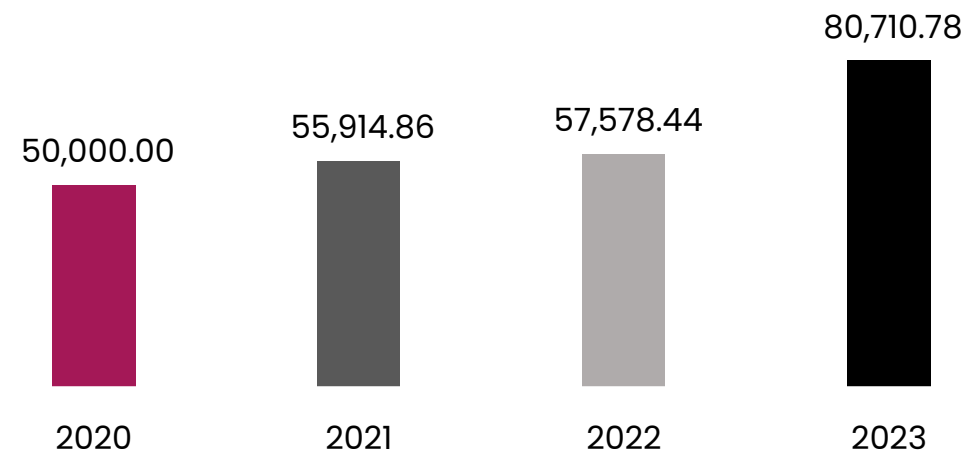


Fund Performance

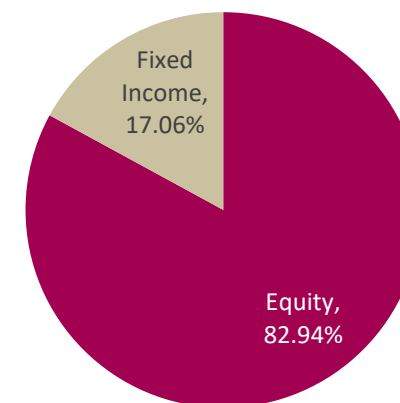


	2019	2020	2021	2022	2023
Annual Net Returns	-8.31%	18.40%	11.85%	8.34%	40.24%
Benchmark	-14.60%	39.25%	5.01%	6.98%	51.44%

Growth of N50,000 investment from 31/12/2020 to Date



Asset Allocation



DISCOVERY BALANCE FUND



Fund Purpose:

- ❖ The mix of assets in the Fund is aimed at providing long term capital growth opportunities for investors with a medium risk tolerance.

Investment Approach:

- ❖ The ARM Discovery Balance Fund is an open-ended fund that invests in equities on the Nigerian Stock Exchange and domestic fixed income securities.
- ❖ A top-down approach is used in the variable and non-variable income assets selection into the Fund.
- ❖ The 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 Details	
Benchmark	NGXASI:40%, NITTY:40%, FGN 2YR BOND 20%
Comparable	FMAN List of Equity Funds
Custodian	Rand Merchant Bank Limited
Trustee	Royal Exchange Plc
Launch Date	2004
AuM	₦6.24Billion
Annual Expense Ratio (YtD)	1.82%
Min Initial Investment	₦10,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark
Asset Allocation	Equity (40%-60%): Fixed Income (40%-60%)
Risk Profile	Moderate

Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	14%	Overweight
Telecomms	11%	Overweight
Consumer Goods	7%	Underweight

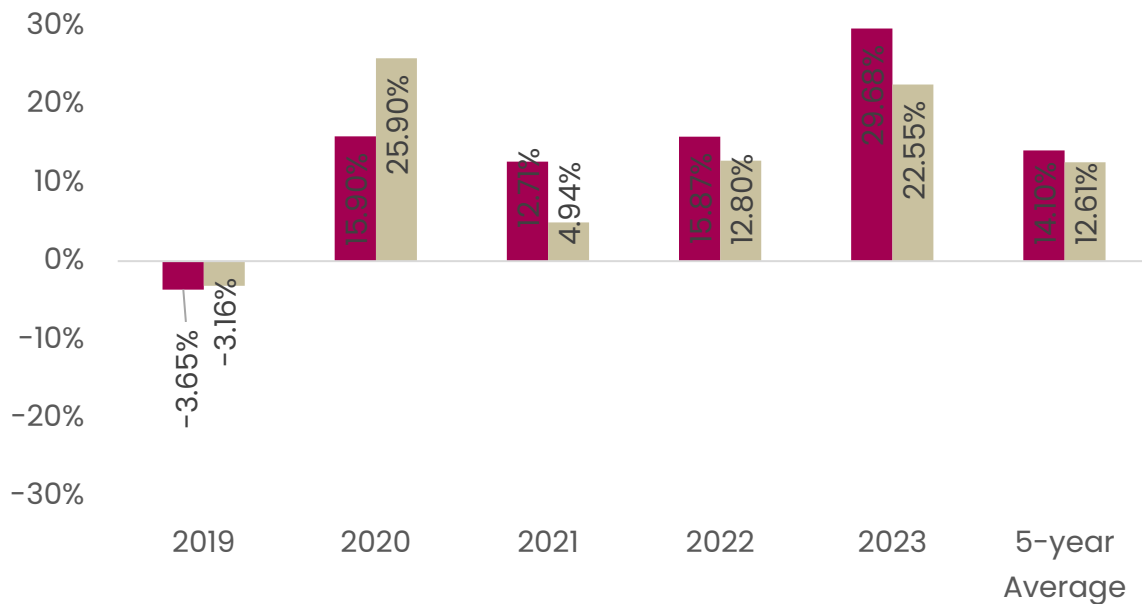
Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	11.32%	Overweight
MTNN	8%	Overweight
BUACEMENT	6%	Overweight

Portfolio Analysis	
Portfolio Beta	0.84
Number of Stocks	22
Monthly Relative Returns	0.00%
Dividend Yield(2002)	3.07%

DISCOVERY BALANCE FUND



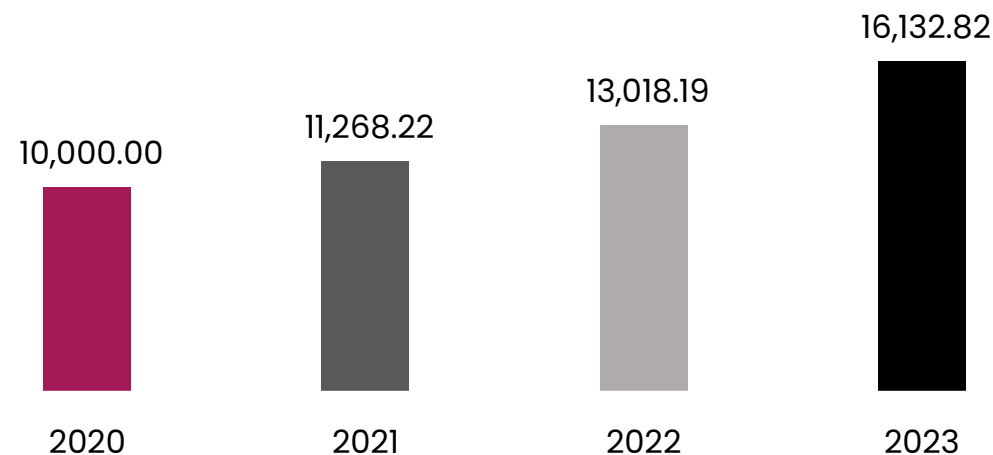
Fund Performance



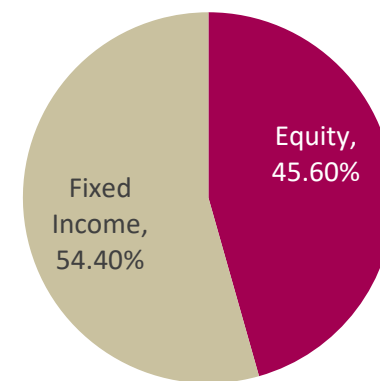
■ Return ■ Benchmark

	2019	2020	2021	2022	2023
Annual Net Returns	-3.65%	15.90%	12.71%	15.87%	29.68%
Benchmark	-3.16%	25.90%	4.94%	12.80%	22.55%

Growth of N10,000 investment since 31/12/2020



Asset Allocation



Ethical Fund: Shari'ah Compliant

Fund Purpose:

Designed to achieve long-term capital appreciation and income distribution through investments in securities 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 and have a moderate investment risk appetite.

Investment Approach:

- ❖ Invest in Shari'ah compliant equities on the Nigerian Stock Exchange.
- ❖ Invest in investment grade Shari'ah compliant alternative instruments.
- ❖ A top-down approach is used in the variable and non-variable income assets selection into the Fund.
- ❖ The 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 Details	
Benchmark	NGXLTIS:40%,NITTY:40%, 2YR FGNSUKUK BOND:20
Comparable	FMAN List of Equity Funds
Custodian	Rand Merchant Bank Limited
Trustee	FBNQuest Trustees Nigeria Limited
Launch Date	2004
AuM	₦763.68Million
Annual Expense Ratio (YtD)	1.99%
Management Fee	1.5% of Net Asset Value
Min Initial Investment	₦10,000.00
Incentive Fee	Maximum of 20% of excess returns above benchmark
Asset Allocation	Equity (40%-60%): Fixed Income (40%-60%)
Risk Profile	Moderate

Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Consumer Goods	14%	Overweight
Industrials	13%	Overweight
Telecoms	10%	Underweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
BUAFOODS	9%	Overweight
OKOMU OIL	7%	Overweight
MTN	6%	Underweight

Portfolio Analysis	
Portfolio Beta	0.77
Number of Stocks	15.00
Monthly Relative Returns	0.27%
Dividend Yield (2002)	3.07%

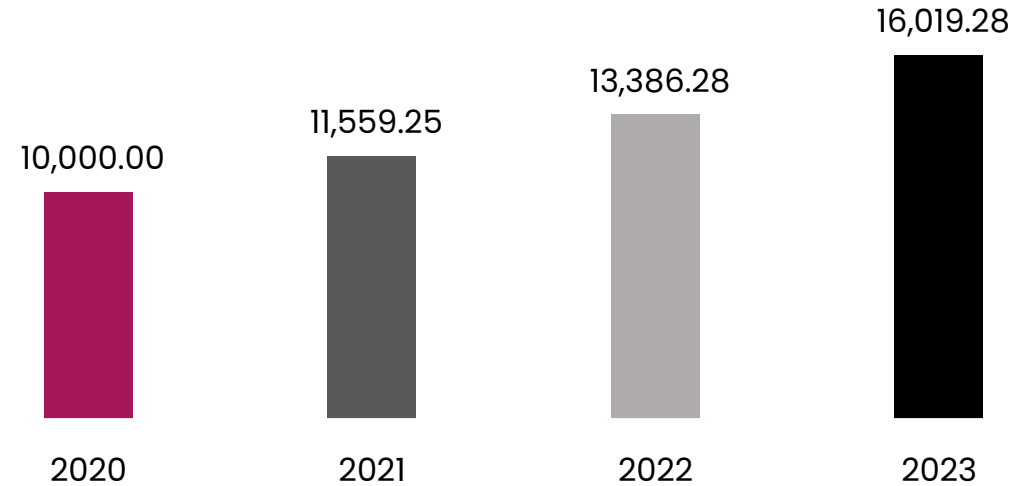
Ethical Fund: Balanced (Shari'ah Based)



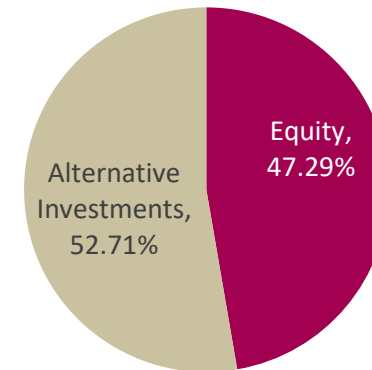
Fund Performance



Growth of N10,000 investment since 31/12/2020



Asset Allocation



	2019	2020	2021	2022	2023
Annual Net Returns	2.84%	15.90%	15.59%	16.49%	22.87%
Benchmark	2.09%	31.44%	8.52%	9.88%	21.38%

Short-Term Bond Fund: Fixed Income

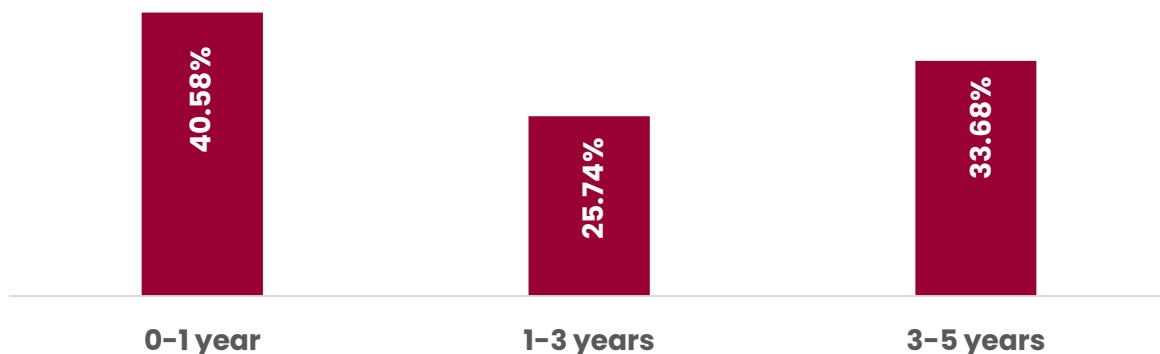
Fund Purpose:

Designed to provide investors with competitive returns and diversification benefits through investment in Naira denominated Money Market Instruments, FGN and Corporate bonds with a maximum duration of 3 years.

Investment Approach:

- ❖ Invest in short term bond instruments with a maximum duration of 3 years.
- ❖ Invest in Investment grade money market instruments.
- ❖ A top-down approach is used in Fixed income assets selection into the Fund.
- ❖ The 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.

MATURITY PROFILE

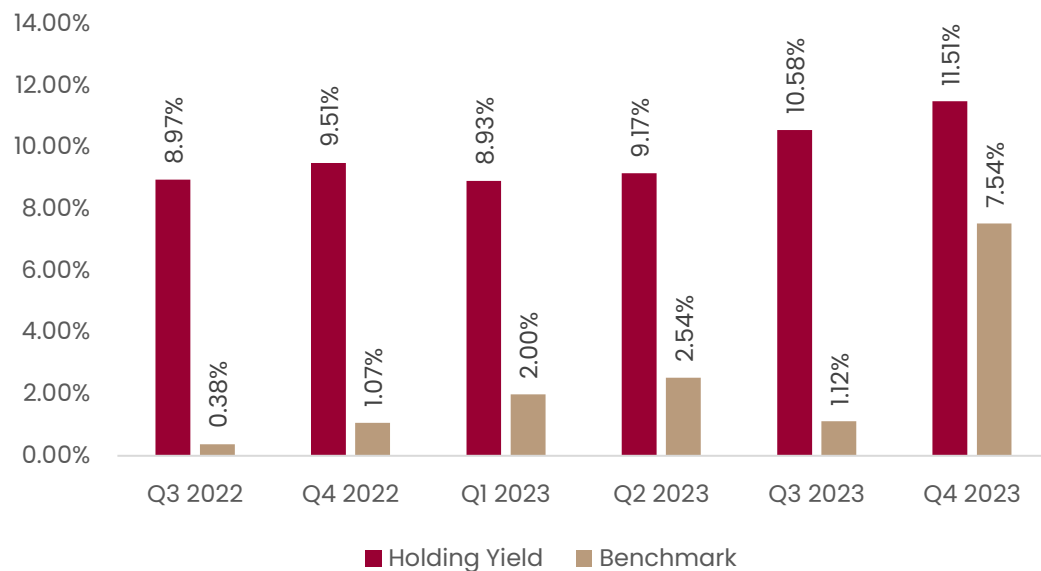


Fund Details	
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Comparable	FMAN List of Equity Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	2022
AUM	₦981m
Annual Expense Ratio (YtD)	2.04%
Min Initial Investment	₦10,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark
Asset Allocation	3YR FGN BOND (70% -100%); STI (0-30%)

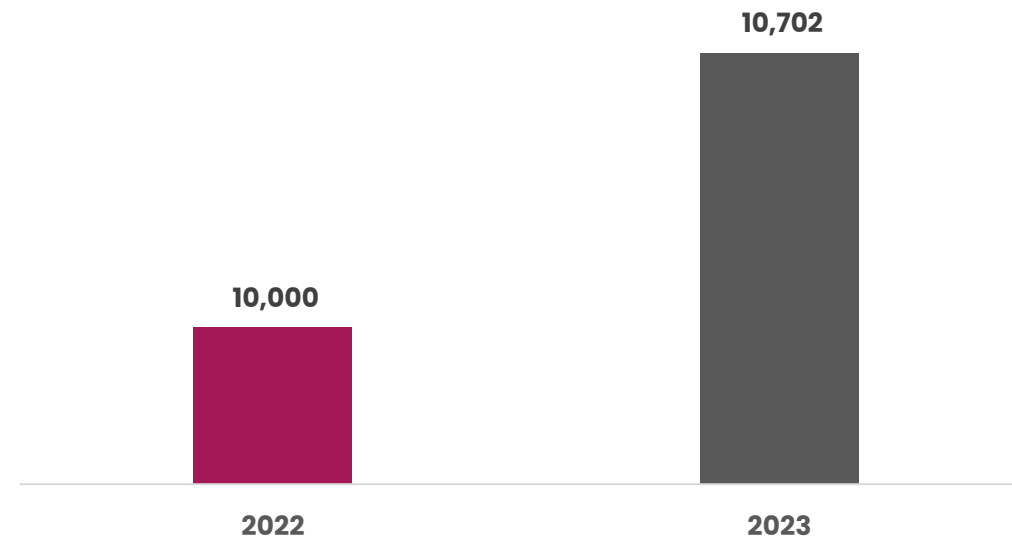
Portfolio Analysis	
Risk Profile	Medium to High
Fund Duration	1.33
Monthly Relative Returns	0.20%
Dividend Yield (2023)	3.69%

Short-Term Bond Fund: Fixed Income

Fund Performance

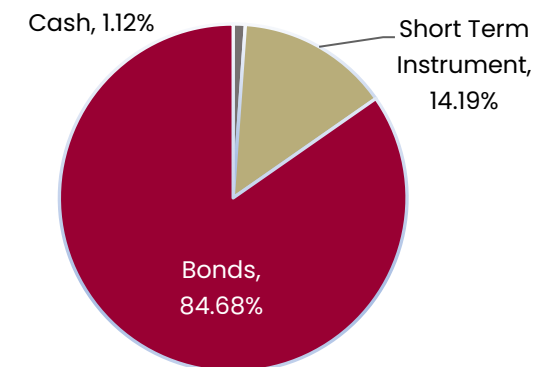


Growth of N10,000 investment since 01/03/2022



	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	YTD
Annual Net Returns	1.03%	1.46%	1.68%	2.12%	1.71%	2.17%	7.42%
Benchmark	0.38%	1.07%	2.00%	2.54%	1.12%	2.29%	7.54%

Asset Allocation



Fixed Income Fund: Fixed Income

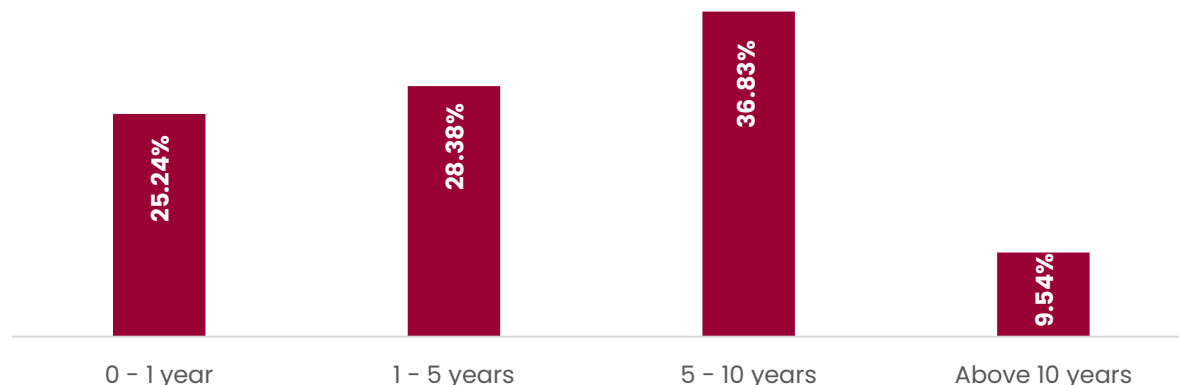
Fund Purpose:

- ❖ The Fund is designed to help investors achieve their medium to long-term investment goals- of stable income and capital preservation.

Investment Approach:

- ❖ Investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments
- ❖ A top-down approach is used in securities selection into the Fund.
- ❖ The 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.

MATURITY PROFILE

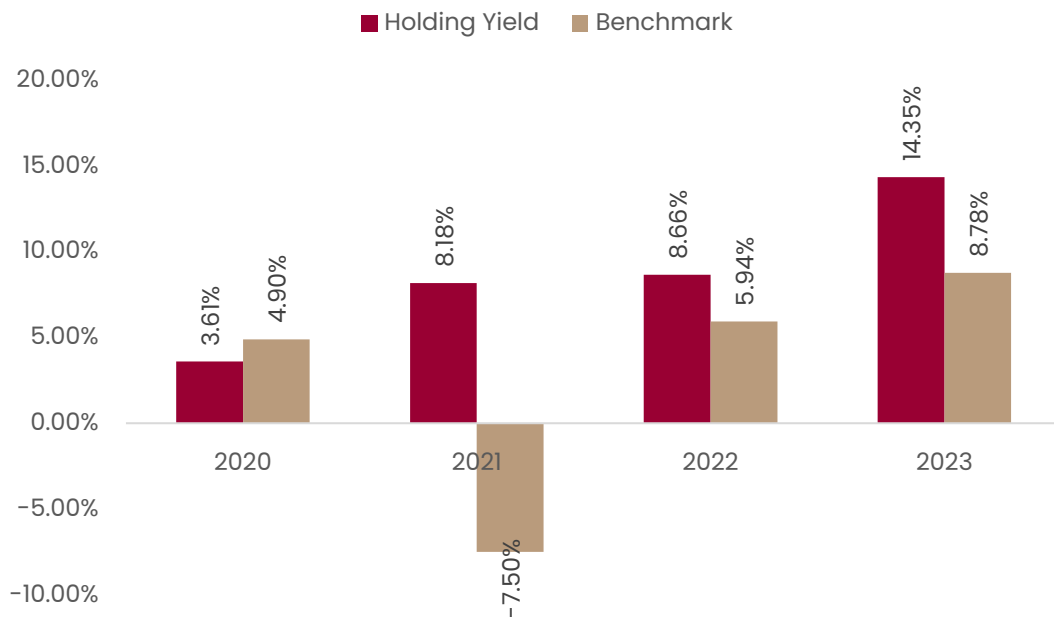


Fund Details	
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Comparable	FMAN List of Fixed Income Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees
Launch Date	2020
AuM	₦1.34bn
Annual Expense Ratio (YtD)	1.90%
Min Initial Investment	₦5,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark
Asset Allocation	5YR FGN BOND (70% -100%): STI (0-30%)

Portfolio Analysis	
Risk Profile	Low to Medium
Fund Duration	4.20
Monthly Relative Returns	0.57%
Dividend Yield (2023)	0.61%

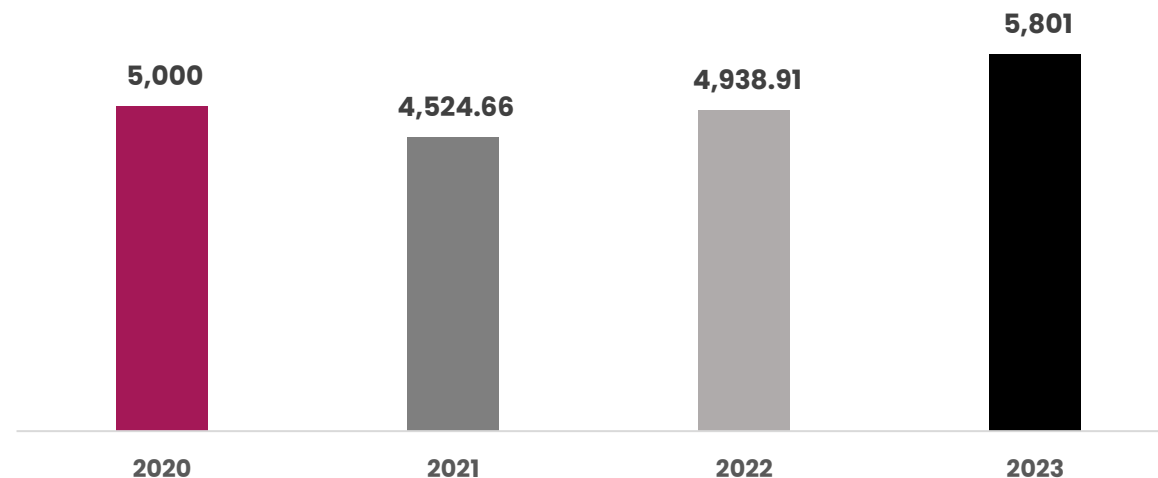
Fixed Income Fund: Fixed Income

Fund Performance

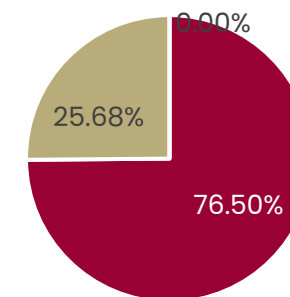


	2020	2021	2022	2023
Annual Net Returns	13.09%	-3.49%	10.21%	5.40%
Benchmark	4.90%	-7.50%	5.94%	8.78%

Growth of N5,000 investment since 31/12/2020



Asset Allocation



■ Bonds ■ Short Term Instrument ■ Cash

Eurobond Fund: Fixed Income

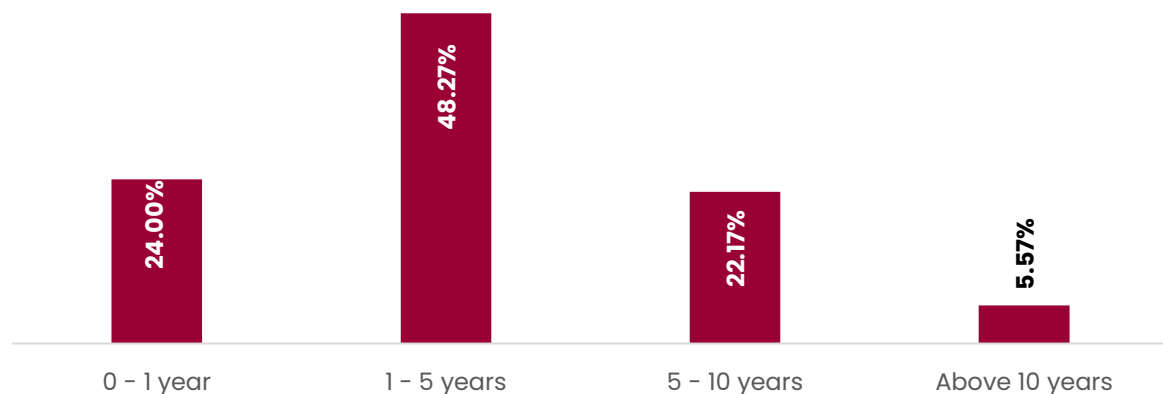
Fund Purpose:

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.

Investment Approach:

- ❖ Invest in corporate and sovereign Eurobond and Short-Term dollar denominated instruments
- ❖ A top-down approach is used in securities selection into the Fund.
- ❖ The 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.

MATURITY PROFILE



Fund Details	
Benchmark	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
Comparable	FMAN List of Eurobond Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	2020
AuM	\$10.73m
Annual Expense Ratio (YtD)	1.92%
Min Initial Investment	\$1,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark
Asset Allocation	3YR FGN BOND (70% -100%): US TREASURY (0-30%)

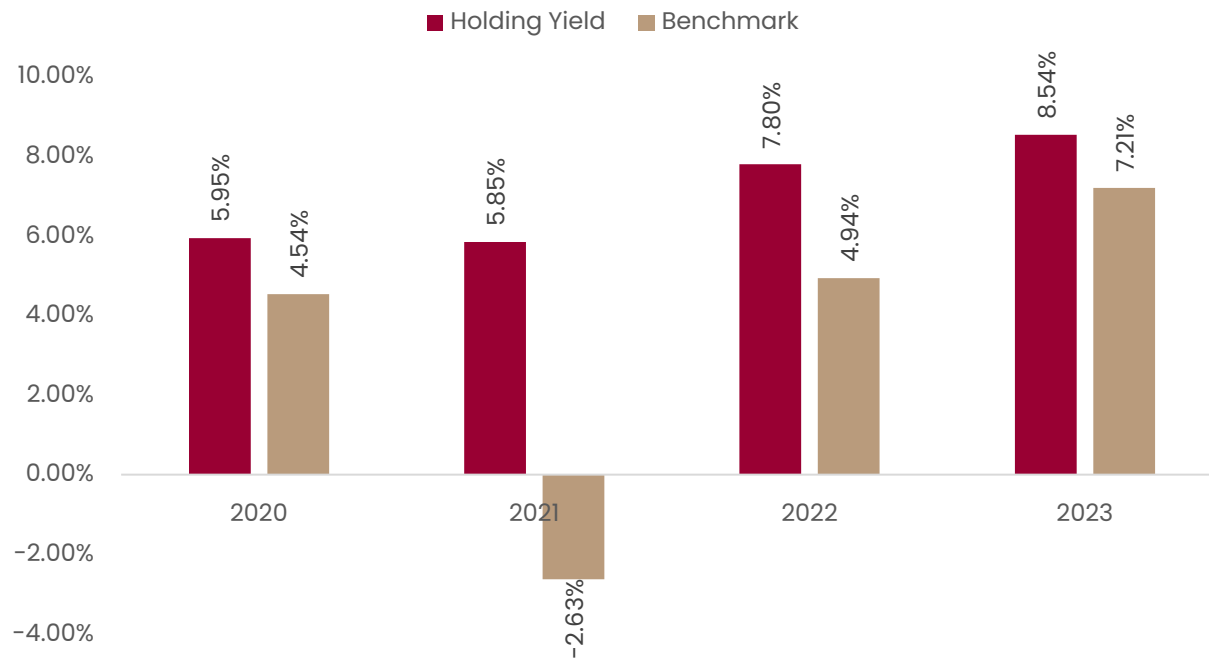
Portfolio Analysis	
Risk Profile	Medium to High
Fund Duration	4.40
Monthly Relative Returns	0.04%
Dividend Yield (2023)	2.81%

Eurobond Fund: Fixed Income

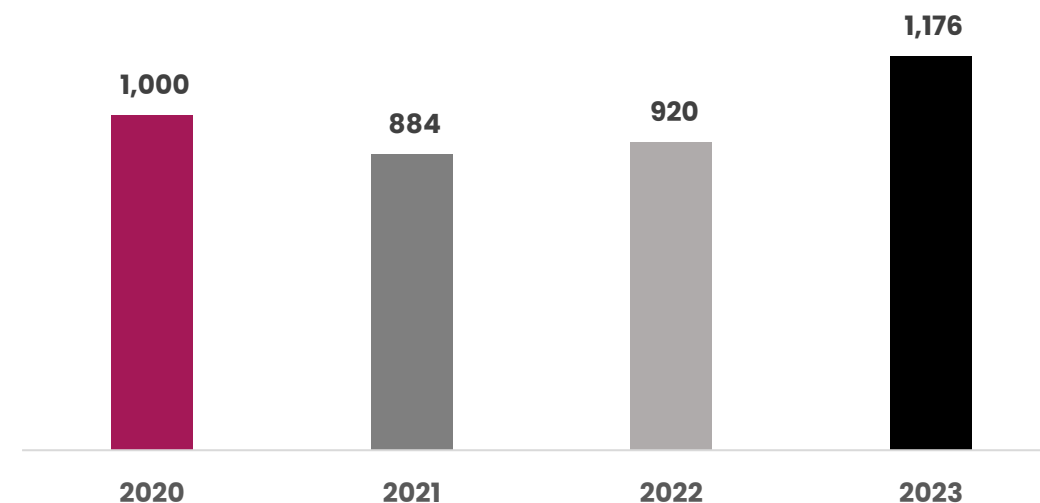
Fund Performance

Growth of \$1,000 investment since 31/12/2020

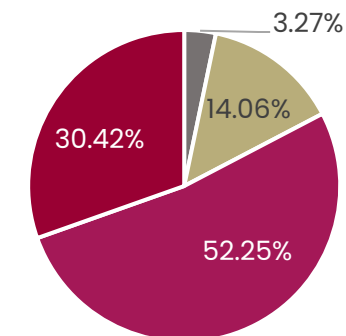
Fund Performance



Growth of \$1,000 investment since 31/12/2020



Asset Allocation



■ Cash ■ Short Term Instruments ■ FGN Eurobonds ■ Corporate Bond

	2020	2021	2022	2023
Annual Net Returns	23.19%	-1.91%	4.37%	7.27%
Benchmark	4.54%	-2.63%	4.94%	7.21%

Money Market Fund: Fixed Income

Fund Purpose

- ❖ The primary objective of the Fund is to provide a steady stream of income to investors

Investment Approach

- ❖ The Fund invests 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.
- ❖ A top-down approach is used in securities selection into the Fund.
- ❖ The 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 Details	
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Comparable	FMAN List of Money market Funds
Custodian	Rand Merchant Bank Limited
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Launch Date	2013
AuM	₦80.56 Billion
Annual Expense Ratio (YtD)	2.03%
Min Initial Investment	₦1,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark
Portfolio Analysis	
Risk Profile	Low
Fund Duration	75 days
Monthly Relative Returns	3.07

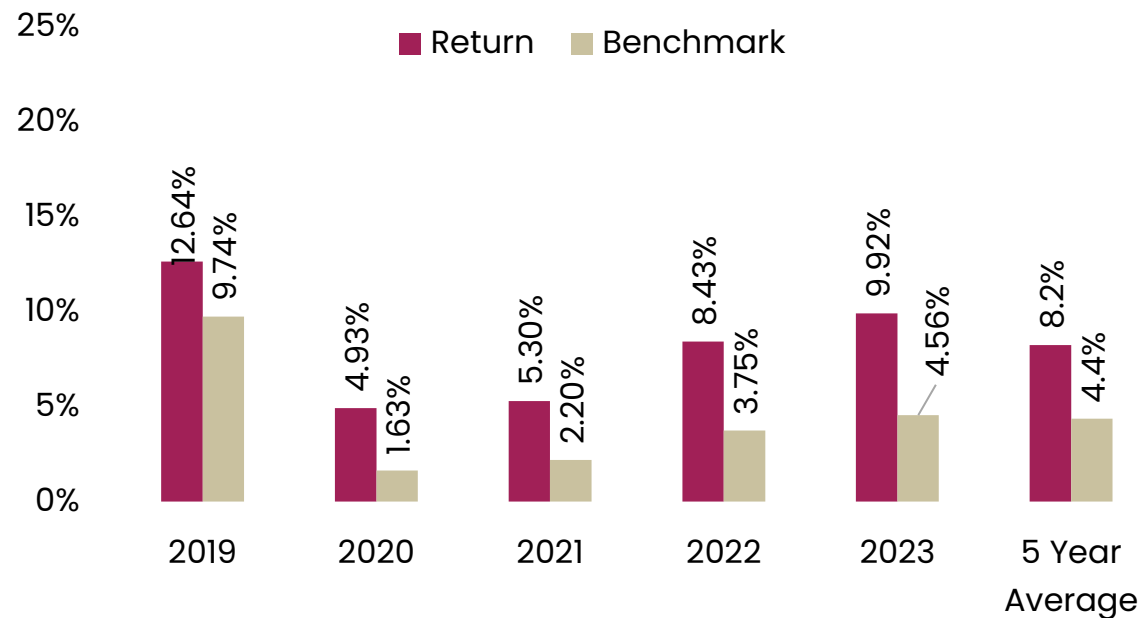
Money Market Fund: Fixed Income



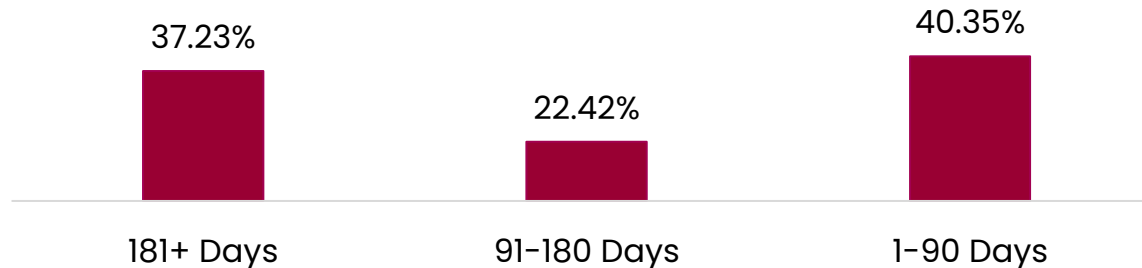
Fund Performance

Maturity Profile

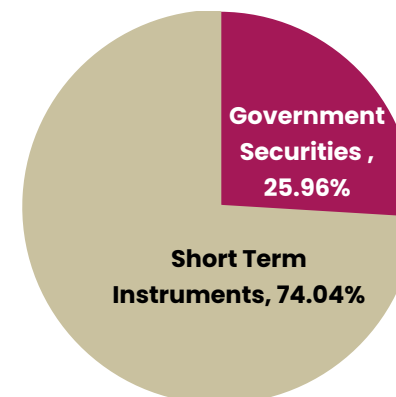
Fund Performance



Maturity Profile



Asset Allocation



	2020	2021	2022	2023
Annual Net Returns	4.93%	5.30%	8.43%	9.92%
Benchmark	1.63%	2.20%	3.75%	4.56%

Macro & markets

GLOBAL MARKETS

The S&P Global Composite PMI was stable at 50.4 in 2023 (vs. 50.0 in November 2023), while the Services PMI slightly increased to 50.8 from 50.6 during the same period. However, the Manufacturing PMI edged lower to 49.4 from 50.0 in November 2023, underpinned by muted demand conditions, entering the contraction zone. Inflation has continued to slow across advanced market as evidenced by the October figure printing at 3.2% (vs 3.7% in September) and 4.6% (vs. 6.7% in September) for US and UK, respectively. This continues to reflect the effect of the incessant rate hikes by the respective monetary authorities. Manufacturing and Manufacturing in China printed a PMI of 49.5pts and 50.6pts in October.

GLOBAL EQUITIES

We believe that the global equities space would have a good year, but in the interim, the current uncertainties as to the magnitude of rate cut by the relevant monetary policy authorities could undermine the market in Q1 2024.

EQUITY

We remain positive on the direction of stock performance in Q1 2024, given that investors are expected to position ahead of reporting and dividend payment season. There is however the risk that the yields environment could drive traction towards the fixed income space and starve the equities space of liquidity.

FIXED INCOME

In the fixed-income sector, we expect that yields would decline in Q1 2024 as impending liquidity surpasses issuances in the space. This trend is, however, expected to change in Q2 as lesser liquidity flows to the market.

Thank You





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