



# Mutual Fund Fact Sheet

January 2024





# Macroeconomics & Market Update

January 2024



# MACRO ECONOMIC UPDATE



## GLOBAL

- Inflation surprised markets in both the US and UK in December 2023. In the US, headline inflation rose to 3.4% YoY, exceeding the 3.1% YoY recorded in November 2023. The UK mirrored this trend, with headline inflation reaching 4.0% YoY, up from 3.9% YoY in November 2023.
- Major global Central bank Monetary policy committees voted to keep their benchmark interest rates unchanged as inflation pressures continued to persist.
- The US and UK economies remained in expansionary mode in January, with both experiencing accelerations in their respective growth tracks. The S&P Global Flash US Composite Output Index notched its twelfth straight month of growth, climbing to 52.3 points in January 2024 – its fastest pace in seven months. The UK mirrored this trend, with the S&P Global Flash UK Composite PMI hitting 52.5 points in January 2024, marking its best performance since June 2023. This positive momentum was primarily driven by robust activity in the services sector.
- All major indices under our coverage gained over the period with exception of the SHCOMP (-6.3% YTD) and FTSE 100(-1.3% YTD) indices. The S&P 500 (+1.59% YTD), Euro STOXX 50 (+2.81% YTD), FTSE 100 (+1.33% YTD) DOWJONES (+1.22% YTD), and Nikkei 225 (+8.43% YTD) indices all closed higher.

## DOMESTIC

- Headline inflation for December increased by 72bps to 28.92% Year-on-Year (YoY), compared to 28.20% YoY in November 2023. The increase was driven by an increase in both Food inflation (+109bps to 33.93% YoY) and Core Inflation (+68bps to 23.06% YoY).
- On a YoY basis, the total amount of Capital Imported witnessed a substantial decline of 43.55% in Q3 2023, dropping to USD654.65 million from the USD1.16bn recorded in Q3:2022.
- The Stanbic IBTC headline PMI climbed to 54.5 in January 2024, from 52.7 in December 2023. The uptick was because of the increase in new businesses and other business activities amidst elevated price levels.

## FIXED INCOME

### Primary Market

- In January 2024, the average stop rate at NTB auctions witnessed a decline of 404bps MoM to settle at 6.46% (vs 10.86% in December 2023). The average bid-to-cover ratio dropped by 36.95% to close at 12.42x (vs 49.37% in December 2023).
- In January 2024, the Debt Management Office (DMO) auctioned NGN418.20bn worth of bonds through the re-opening of the four instruments. There was a drop in the average bid-to-cover ratio, by 0.78x MoM to 1.68x (vs 2.46x at the last auction. Similarly, the average stop rate dropped by 54bps to settle at 15.75% (vs 16.75% at the last auction).

### Secondary Market

- In January 2024, the secondary fixed income market ended on a downside, as the average yields rose 161bps MoM to close at 11.82%. Similarly, NTBs experienced a bearish trend, with the average yield increasing by 286bps MoM, settling at 9.15%. The FGN Bond market also concluded with a negative tone, as the average yield rose by 36bps, resulting in a closing figure of 14.49%.

## EQUITIES

- In January 2024, the Nigerian equities market closed positively as the NGX ASI settled at 101,154.13 points gaining 35.28% on MoM and YtD basis
- In January 2024, the Industrial Goods (+107.86% MoM), Consumer Goods (+24.33% MoM), Insurance (+21.68% MoM) and Oil and Gas (+19.96% MoM) sectors closed positive. On the other hand, the Banking (-3.37% MoM) closed in the red zone.



# Mutual Fund Performance

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January 2024

# AGGRESSIVE GROWTH FUND



## Fund Purpose:

❖ The mix of assets in the Fund is aimed at providing long term capital growth opportunities for investors with a 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	
<b>Benchmark</b>	NGX30 Index
<b>Comparable</b>	FMAN List of Equity Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	FBNQuest Trustees Nigeria Limited
<b>Launch Date</b>	2007
<b>AuM</b>	₦4.32Billion
<b>Annual Expense Ratio (YtD)</b>	2.27%
<b>Min Initial Investment</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum of 15% of excess returns above benchmark
<b>Portfolio Allocation</b>	Equity (70% - 100%): Fixed Income (0-30%)

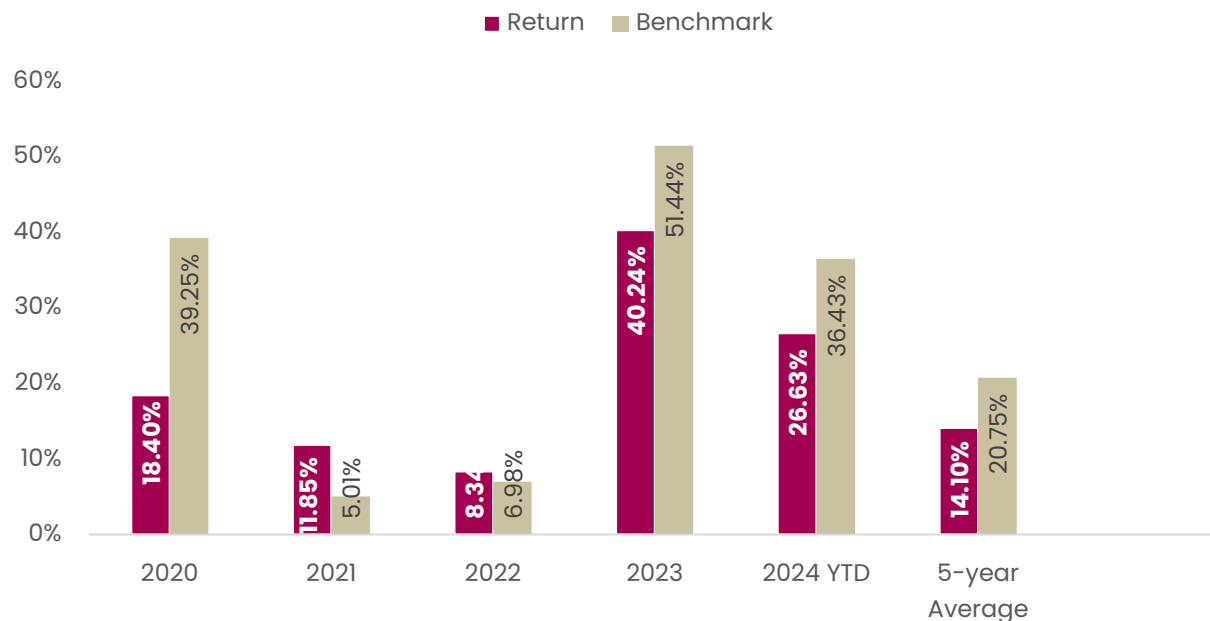
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	41%	OVERWEIGHT
Telecoms	16%	OVERWEIGHT
Consumer goods	8%	UNDERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	30%	OVERWEIGHT
BUACEMENT	9%	UNDERWEIGHT
MTN	6%	UNDERWEIGHT

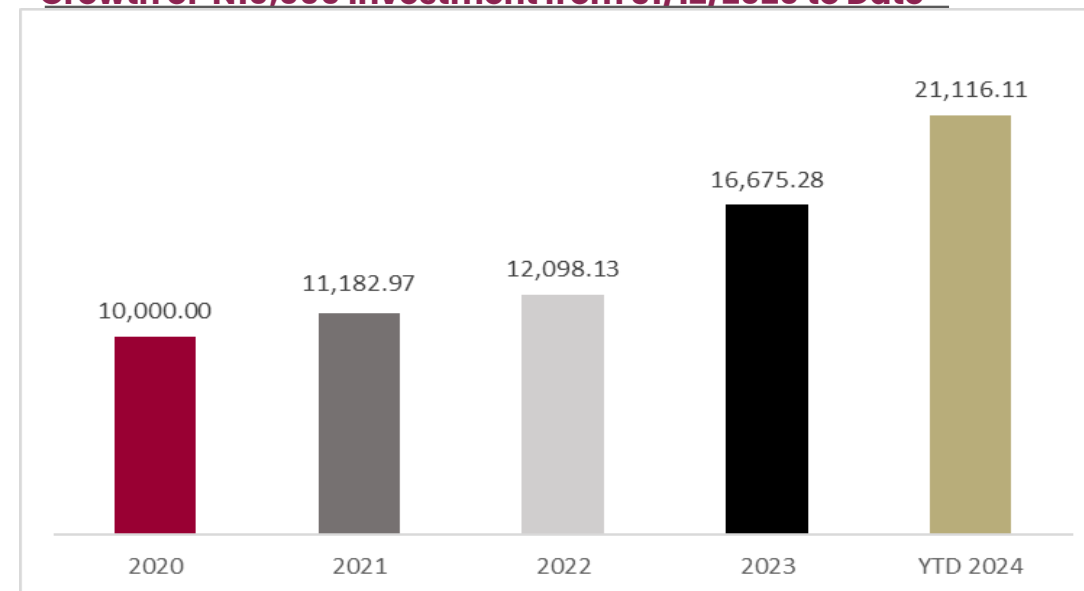
# AGGRESSIVE GROWTH FUND



## Fund Performance

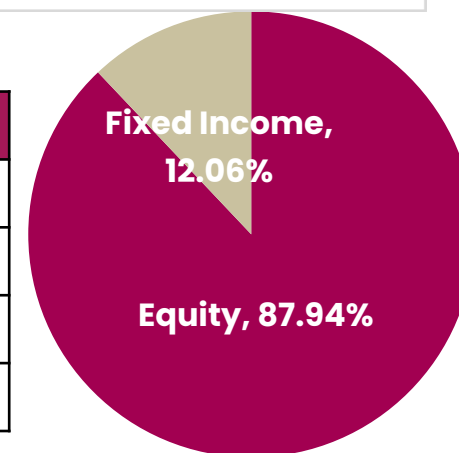


## Growth of N10,000 investment from 31/12/2020 to Date



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
<b>Annual Net Returns</b>	18.40%	11.85%	8.34%	40.24%	26.63%	21.09%
<b>Benchmark</b>	39.25%	5.01%	6.98%	51.44%	36.43%	27.82%

Portfolio Analysis	
Portfolio Beta	1.04
Number of Stocks	33.00
Monthly Relative Returns	-9.8%
Dividend Yield (2023)	2.04%



# 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	
<b>Benchmark</b>	NGXASI:40%, NITTY:40%, FGN 2YR BOND 20%
<b>Comparable</b>	FMAN List of Balanced Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	FBNQuest Trustees Nigeria
<b>Launch Date</b>	1995
<b>AuM</b>	₦7.41Billion
<b>Annual Expense Ratio (YtD)</b>	2.18%
<b>Min Initial Investment</b>	₦10,000.00
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum of 15% of excess returns above benchmark
<b>Asset Allocation</b>	Equity (40%-60%): Fixed Income (40%-60%)
<b>Risk Profile</b>	Moderate

Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	25%	OVERWEIGHT
Telecomms	10%	UNDERWEIGHT
Consumer Goods	7%	UNDERWEIGHT

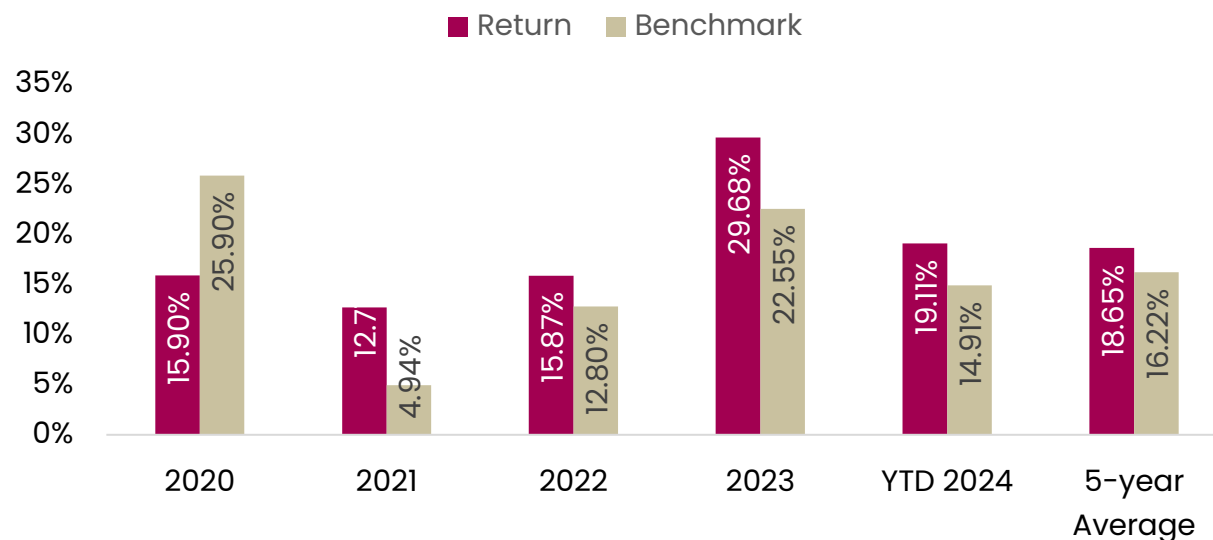
Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	14%	OVERWEIGHT
BUACEMENT	9%	OVERWEIGHT
MTN	6%	OVERWEIGHT



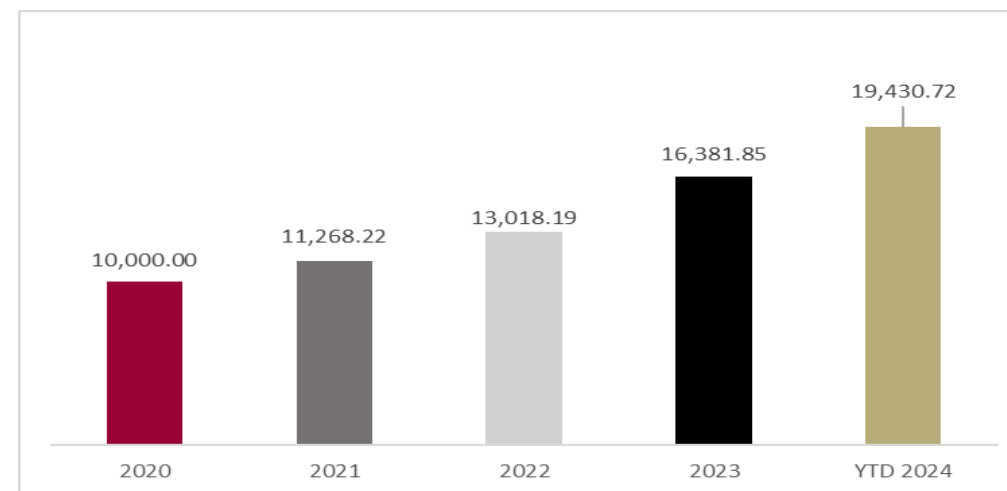
# DISCOVERY BALANCE FUND



## Fund Performance



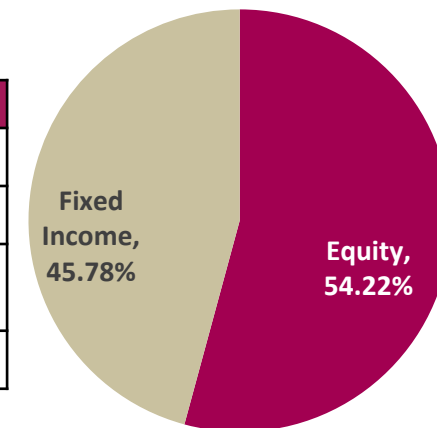
## Growth of N10,000 investment since 31/12/2020



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
<b>Annual Net Returns</b>	15.90%	12.71%	15.87%	29.68%	19.11%	18.65%
<b>Benchmark</b>	25.90%	4.94%	12.80%	22.55%	14.91%	16.22%

Portfolio Analysis	
Portfolio Beta	0.94
Number of Stocks	40.00
Monthly Relative Returns	4.2%
Dividend Yield (2023)	3.07%

## Asset Allocation



# Ethical Fund: Shari'ah Compliant

## Fund Purpose:

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 and have a medium 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.
- ❖ 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.

Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	23%	UNDERWEIGHT
Consumer Goods	15%	UNDERWEIGHT
Telecoms	9%	UNDERWEIGHT

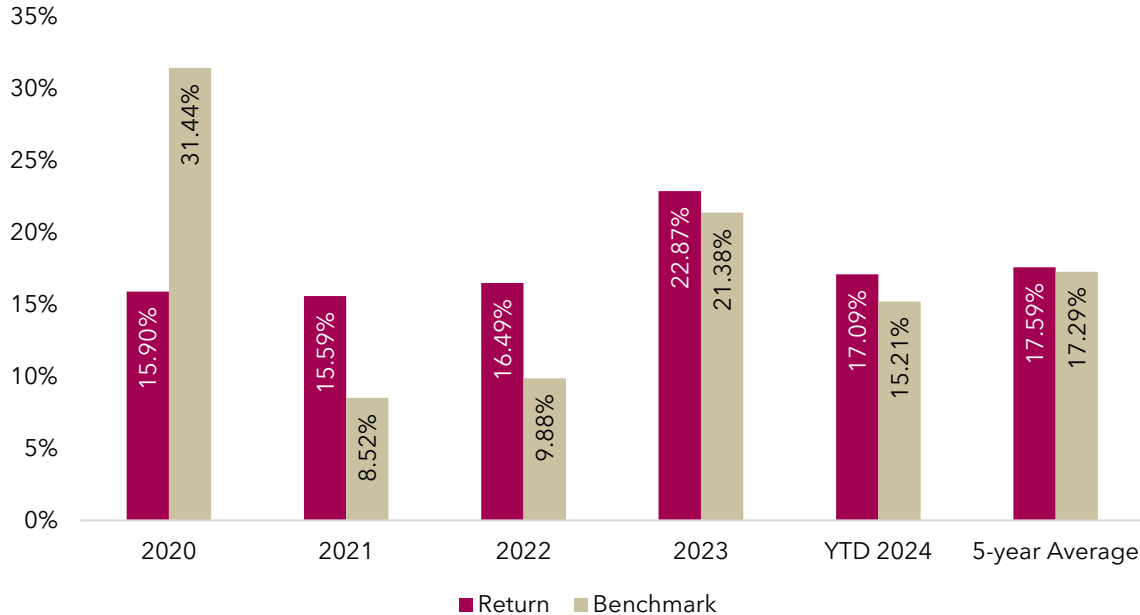
Fund Details	
<b>Benchmark</b>	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
<b>Comparable</b>	FMAN List of Ethical Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	Royal Exchange Plc
<b>Launch Date</b>	2004
<b>AuM</b>	₦947.37Million
<b>Annual Expense Ratio (YtD)</b>	2.37%
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Min Initial Investment</b>	₦10,000.00
<b>Incentive Fee</b>	Maximum of 15% of excess returns above benchmark
<b>Asset Allocation</b>	Equity (40%-60%): Alternatives (40%-60%)
<b>Risk Profile</b>	Medium

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	12%	OVERWEIGHT
BUAFOODS	11%	OVERWEIGHT
BUACEMENT	6%	OVERWEIGHT

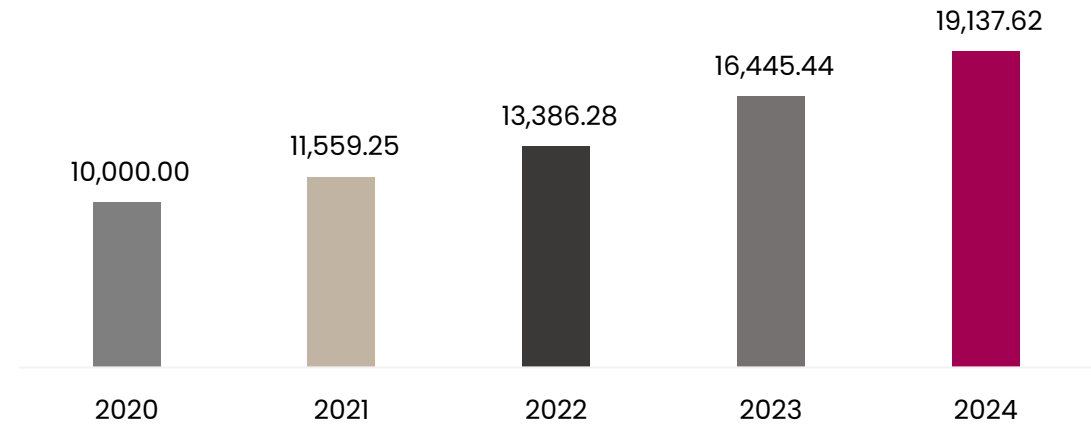
# Ethical Fund: Balanced (Shari'ah Based)



## Fund Performance



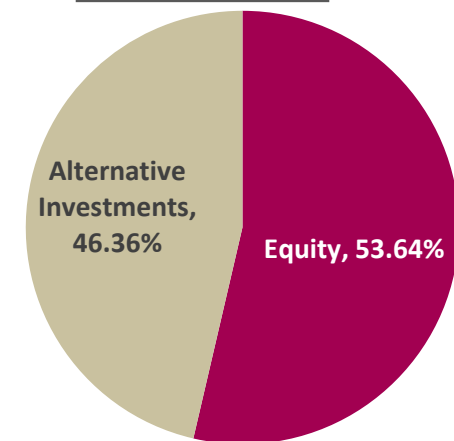
## Growth of N10,000 investment since 31/12/2020



	2020	2021	2022	2023	YTD 2024	5 YEAR AVERAGE
<b>Annual Net Returns</b>	15.90%	15.59%	16.49%	22.87%	17.09%	17.59%
<b>Benchmark</b>	31.44%	8.52%	9.88%	21.38%	15.21%	17.29%

Portfolio Analysis	
Portfolio Beta	0.85
Number of Stocks	19.00
Monthly Relative Returns	1.88%
Dividend Yield (2023)	3.07%

## Asset Allocation



# 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.

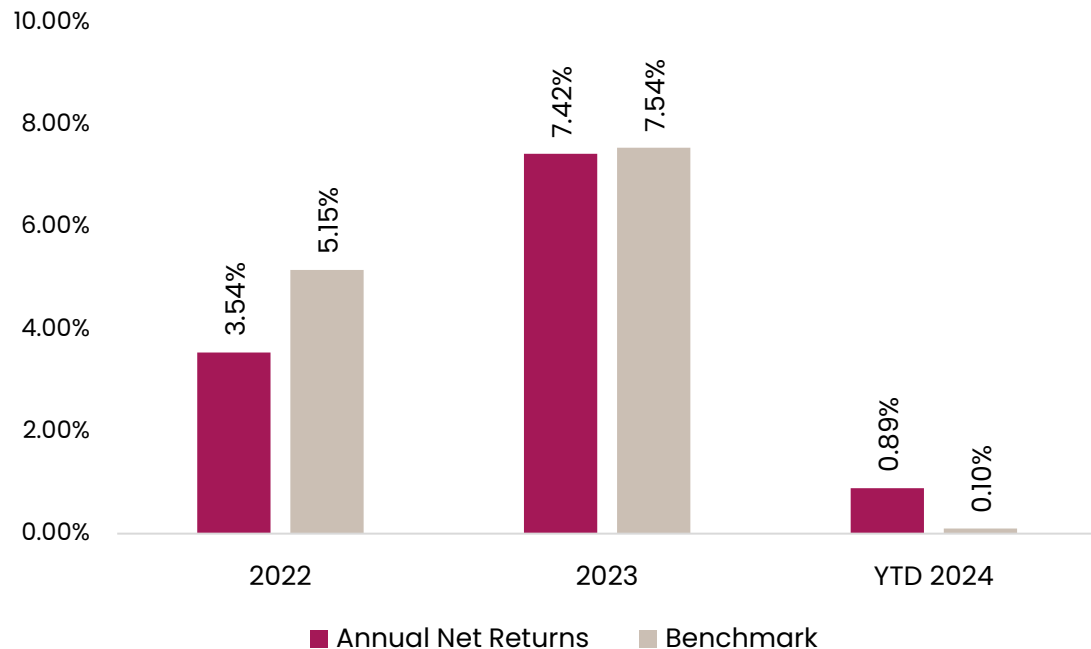
Fund Details	
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Comparable	FMAN List of Equity Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	April 2022
Net Asset Value	₦982m
Expense Ratio	2.43%
Initial Investment	₦10,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum 15% of excess returns above benchmark
Valuation Method	Blend of Amortized cost and Mark to Market

Portfolio Analysis	
Risk Profile	Medium
Fund Duration	1.69
Holding Yield	11.50%
Dividend Yield (2024)	6.76%

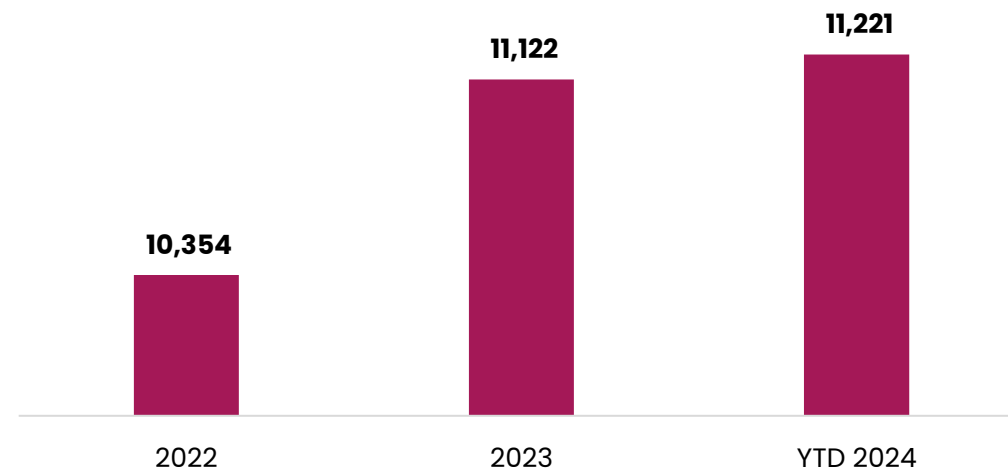
# ARM Short-Term Bond Fund



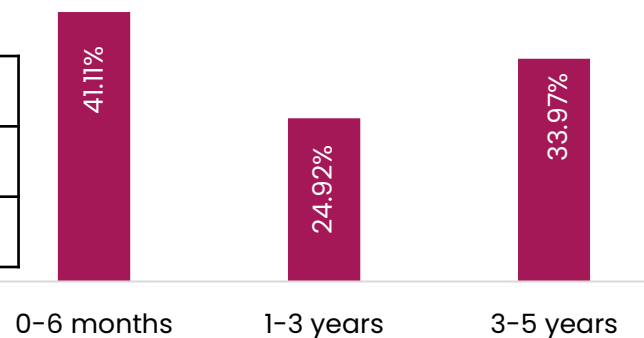
## FUND PERFORMANCE



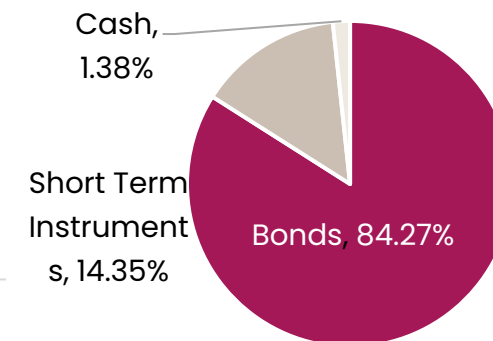
## GROWTH OF N10,000 INVESTMENT SINCE FUND INCEPTION



## MATURITY PROFILE



## ASSET ALLOCATION



Return vs Benchmark	2022	2023	YTD 2024
Annual Net Returns	3.54%	7.42%	0.89%
Benchmark	5.15%	7.54%	0.10%

# 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

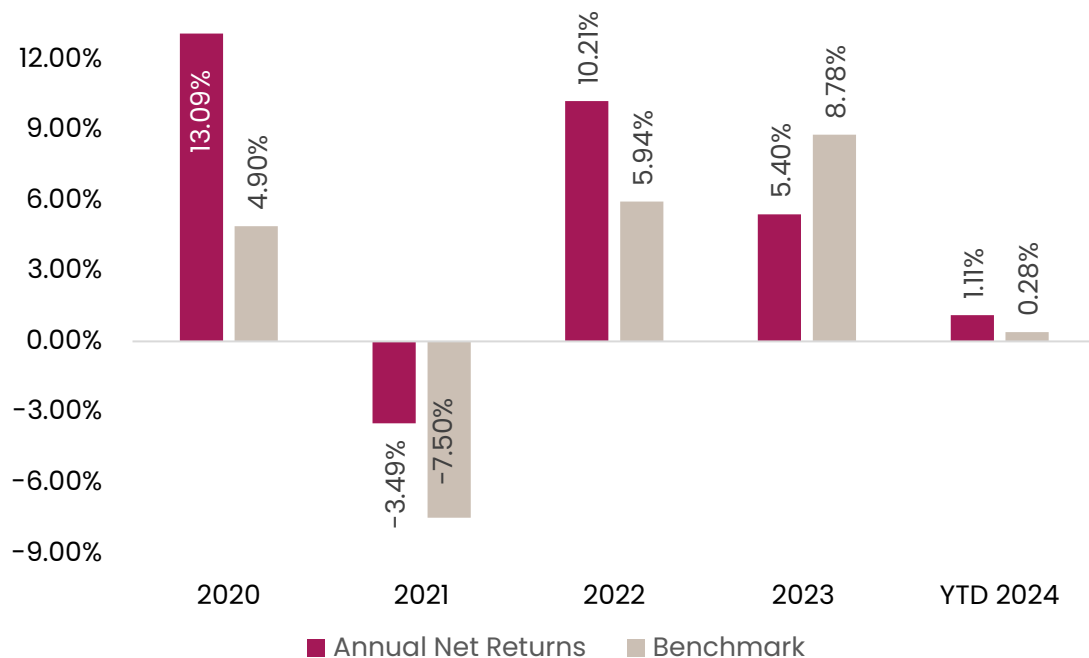
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

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 Limited
Launch Date	February 2020
Net Asset Value	₦1.36bn
Expense Ratio	2.31%
Initial Investment	₦5,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 15% of excess returns above benchmark
Valuation Method	Blend of Amortized cost and Mark to Market

Portfolio Analysis	
Risk Profile	Medium - High
Fund Duration	4.26
Holding Yield	14.35%
Dividend Yield (2024)	6.78%

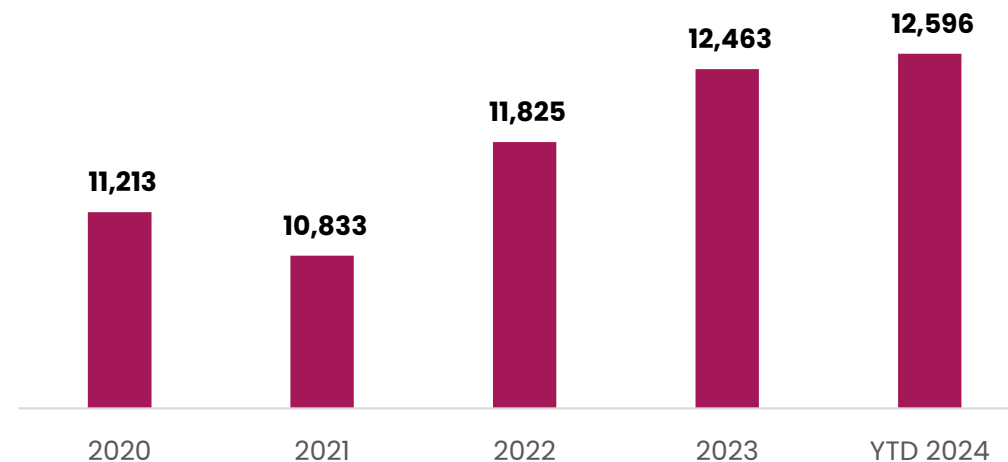


## FUND PERFORMANCE

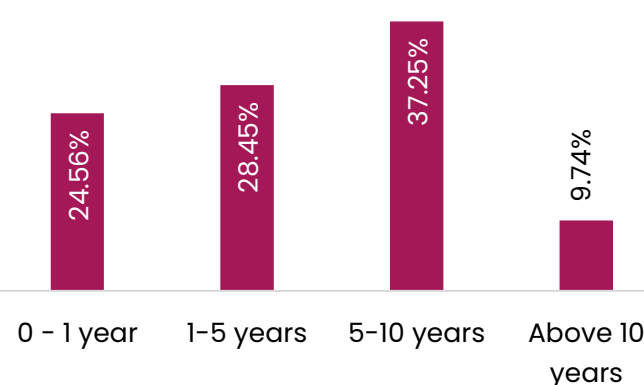


Return vs Benchmark	2020	2021	2022	2023	YTD 2024
Annual Net Returns	13.09%	-3.49%	10.21%	5.40%	1.11%
Benchmark	4.90%	-7.50%	5.94%	8.78%	0.28%

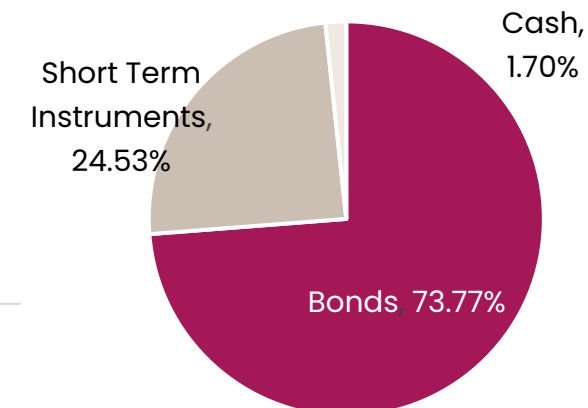
## GROWTH OF N10,000 INVESTMENT SINCE FUND INCEPTION



## MATURITY PROFILE



## ASSET ALLOCATION



# ARM Eurobond Fund



## 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.

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	February 2020
Net Asset Value	\$10.88m
Expense Ratio	1.92%
Initial Investment	\$1,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 15% of excess returns above benchmark
Valuation Method	Blend of Amortized cost and Mark to Market

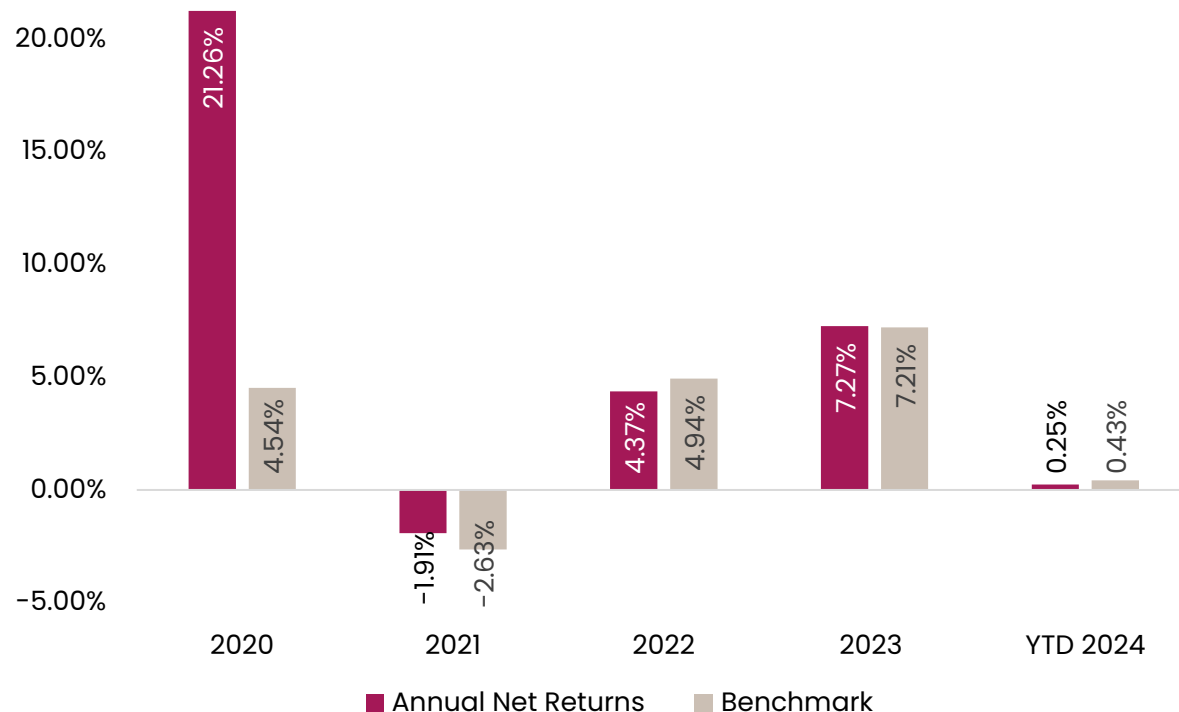
Portfolio Analysis	
Risk Profile	Medium - High
Fund Duration	4.16
Holding Yield	8.52%
Dividend Yield (2024)	6.10%



# ARM Eurobond Fund

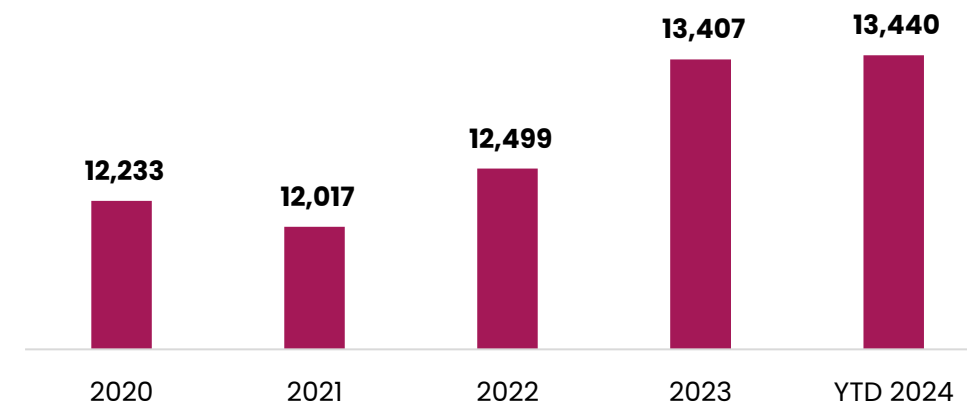


## FUND PERFORMANCE

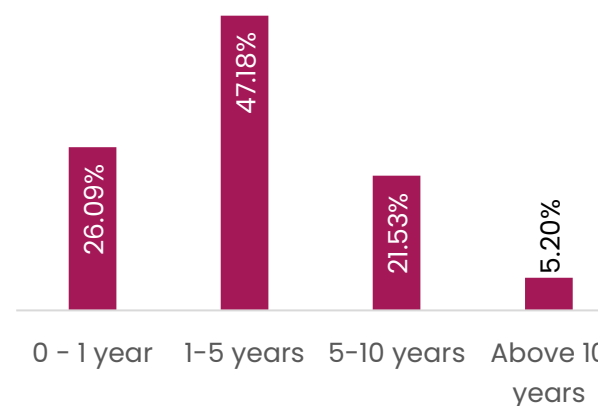


Return vs Benchmark	2020	2021	2022	2023	YTD 2024
Annual Net Returns	21.26%	-1.91%	4.37%	7.27%	0.25%
Benchmark	4.54%	-2.63%	4.94%	7.21%	0.43%

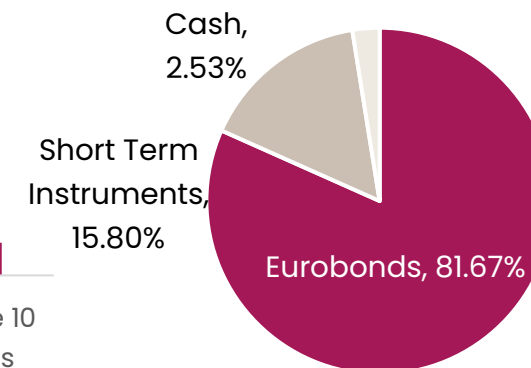
## GROWTH OF \$10,000 INVESTMENT SINCE FUND INCEPTION



## MATURITY PROFILE



## ASSET ALLOCATION



# Money Market Fund

## 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	
<b>Benchmark</b>	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
<b>Comparable</b>	FMAN List of Money market Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
<b>Launch Date</b>	2013
<b>AuM</b>	₦83.60 Billion
<b>Annual Expense Ratio (YtD)</b>	2.03%
<b>Min Initial Investment</b>	₦1,000.00
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum of 15% of excess returns above benchmark
Portfolio Analysis	
<b>Risk Profile</b>	Low
<b>Fund Duration</b>	75 days
<b>Monthly Relative Returns</b>	7.01

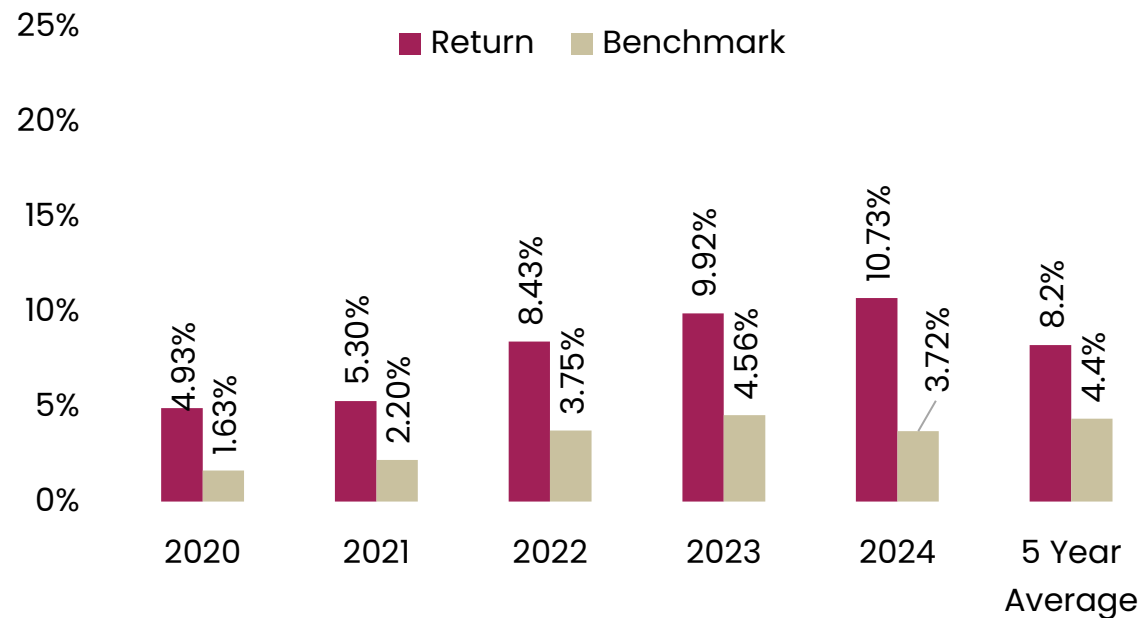
# Money Market Fund



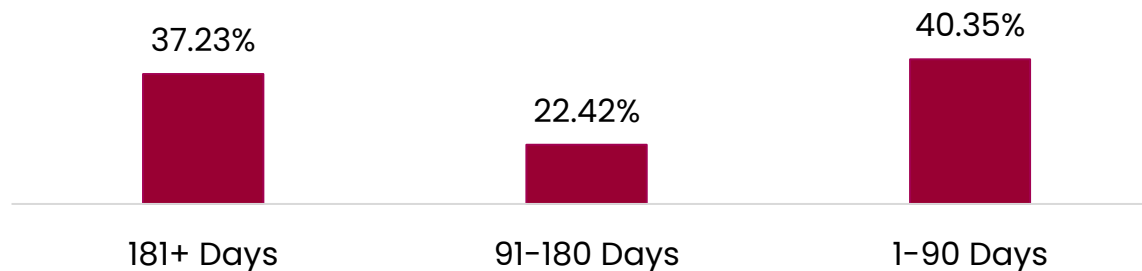
## Fund Performance

## Maturity Profile

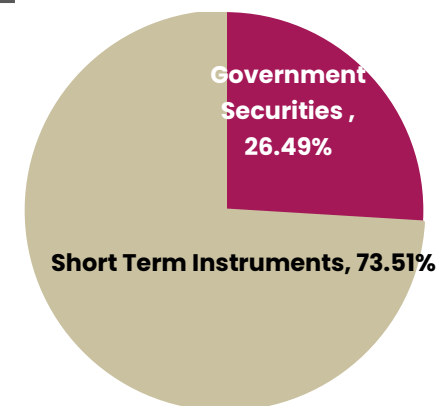
### Fund Performance



### Maturity Profile



### Asset Allocation



	2020	2021	2022	2023	2024
Annual Net Returns	4.93%	5.30%	8.43%	9.92%	10.73%
Benchmark	1.63%	2.20%	3.75%	4.56%	3.72%

## GLOBAL MARKETS

The release of December 2023 inflation data served as a cold shower for market hopes of dovish central bank pivots in the first half of 2024. Stubbornly persistent consumer price increases have dampened optimism, reflected in the CME FedWatch tool: the market now puts the probability of the first rate cut at only 62.9% and not until May 2024. Further clouding the outlook is the simmering threat of geopolitical tensions escalating in the Middle East and Europe. These uncertainties weigh heavily on market sentiment, potentially delaying any central bank softening.

## GLOBAL EQUITIES

We expect the global equities market to be majorly impacted by the release of earnings result as investors take action depending on the performance of companies. Furthermore, optimism of rate cuts by the Fed may pose as a booster to the global equities space.

## DOMESTIC MARKET

### EQUITY

We expect the market to report mixed performance in the Month of February. This is expected to feed-off positive actions from investors who are positioning for earnings release and dividend payment, and profit taking amidst the rally that we have seen since the beginning of 2024. On a more strategic view, however, we have identified Banking, Oil and Gas and Industrial Goods sectors as an active space to play for value.

### FIXED INCOME

In the fixed-income sector, we anticipate the maturities of NTBs totaling NGN666.08billion in February 2024, along with bond coupon payments of NGN114.82 billion. Albeit given the pre-auction announcement of the change in the amount on offer in the NT-Bills from NGN4125bn to NGN1.00trn, and the CBN governor's statement of a tightened environment all points to an elevated interest

# Thank You





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