



# Mutual Fund Fact Sheet

MAY 2024





# Macroeconomics & Market Update

MAY 2024





# MACRO ECONOMIC UPDATE

## GLOBAL

- United Kingdom's Consumer Price Index (CPI) rose by 2.3% YoY in April 2024, down from 3.2% YoY in March 2024. On a monthly basis, CPI rose by 0.3% MoM in April 2024 (vs. 1.2% MoM in April 2023).
- The headline S&P Global Flash US PMI Composite Output Index rose sharply from 51.3 pts in April 2024 to 54.4 pts in May 2024, its highest since April 2022. To the contrary, in the UK, the headline seasonally adjusted S&P Global Flash UK PMI composite fell to 52.8 pts in May 2024, down from 54.1 pts in April 2024.
- In the UK, real GDP grew by 0.6% Quarter on Quarter (QoQ) in Q1:2024, reversing the 0.3% decline experienced in Q4:2023. On the Year on Year (YoY) basis, real GDP managed a modest 0.2% increase. Services sector supported the growth as output rose by 0.7% QoQ following three consecutive quarters of contraction.
- In May 2024, save for the SHCOMP (-0.58% MoM), all other major indices under our coverage closed positive. Specifically, the S&P 500 (+4.16% MoM), Euro STOXX 50 (+1.51% MoM), FTSE 100 (+1.61% MoM), NASDAQ (+6.81% MoM), NIKKEI 225 (+0.58% YTD), all closed higher.

## DOMESTIC

- In May 2024, the Monetary Policy Committee (MPC) increased the Monetary Policy Rate (MPR) by 150bps to 26.25%, while keeping other tools like the asymmetric corridor (+100/-300bps around the MPR), cash reserve ratio (CRR) (45%), and liquidity ratio (30%) unchanged.
- In Q1:2024, the Nigerian economy grew by 2.98% YoY, down from the 3.46% YoY growth recorded in Q4:2023. This growth was driven by a slower pace in both the oil sector (+5.70% YoY in Q1:2024 vs. +12.11% YoY in Q4:2023) and the non-oil sector (+2.80% YoY in Q1:2024 vs. +3.07% YoY in Q4:2023).
- In April 2024, headline inflation rose by 49bps to 33.69%, (vs. 33.20% YoY in March 2024). This was driven by increases in both food inflation (+52bps to 40.53% YoY) and core inflation (+94bps to 26.84% YoY). On a month-on-month (MoM) basis, headline inflation declined for the second month in a row, to 2.29% MoM (vs. 3.02% MoM in March 2024), on the back of reductions in both food inflation (-111bps to 2.50% MoM) and core inflation (-34bps to 2.20% MoM).



# FINANCIAL MARKET UPDATE

## FIXED INCOME

### Primary Market

- Average stop rate at the two NTB auctions held in May 2024, stood at 18.10%, up from 17.96% in April 2024. However, average bid-to-cover ratio declined to 3.66x (vs. 6.76x in April 2024), indicating reduced investors' demand for the instruments.
- In May 2024, the Debt Management Office (DMO) conducted a bond auction offering a total of NGN450bn worth of bonds across three instruments: reopening of existing APR-2029 and FEB-2031 and the new issuance of MAY-2033 bonds, at NGN150bn each. The average stop rate at the auction stood at 19.64%. Investor demand, however, dipped significantly to 1.23x compared to 2.04x at the previous auction.

### Secondary Market

- At the NT-bill secondary market in May 2024, average yield fell by 48bps MoM to 21.72% (vs. 22.20% in April 2024). Similarly, the secondary FGN Bond market lost 25bps MoM to 18.69% (vs. 18.94% in April 2024). Overall, the Naira fixed Income market ended the month on a bullish note as the average yield declined by 37bps MoM to 20.20% (from 20.57% the previous month).

## EQUITIES

- In May 2024, the NGX ASI gained 1.09% MoM to 99,300.56pts, bringing the Nigerian equities market to a positive close. Consequently, YtD returns increased to 32.80% YtD (vs. 31.36% YtD in April 2024).
- Except the Insurance sector (-3.26% MoM), all other sectors under our coverage closed positive. Specifically, the Banking (+2.97% MoM), Oil and Gas (+2.06% MoM), Consumer Goods (+1.19% MoM) and Industrial Goods (+0.16% MoM) recorded gains in May 2024.



# Mutual Fund Performance

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April 2024



## AGGRESSIVE GROWTH FUND

### Fund Objective:

- ❖ The objective of the Fund is to provide 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>	₦3.89 Billion
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Annual Expense Ratio (YtD)</b>	2.19%
<b>Min Initial Investment</b>	₦ 50,000.00
<b>Incentive Fee</b>	Maximum of 20% of excess returns above benchmark
<b>Portfolio Allocation</b>	Equity (70% - 100%): Fixed Income (0-30%)

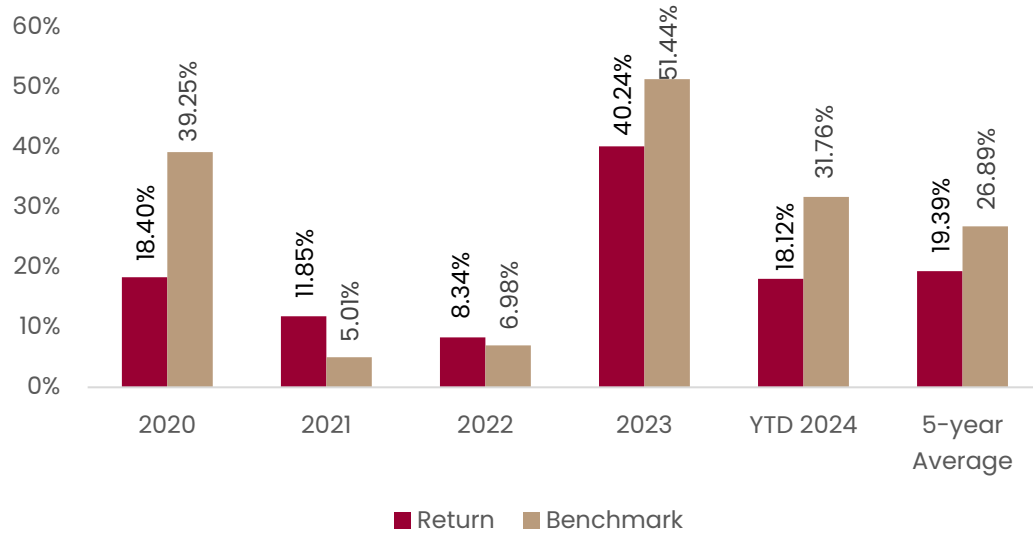
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	36%	OVERWEIGHT
Telecoms	23%	UNDERWEIGHT
Consumer goods	12%	UNDERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	27%	OVERWEIGHT
BUAFOODS	11%	UNDERWEIGHT
AIRTELAFR	10%	UNDERWEIGHT

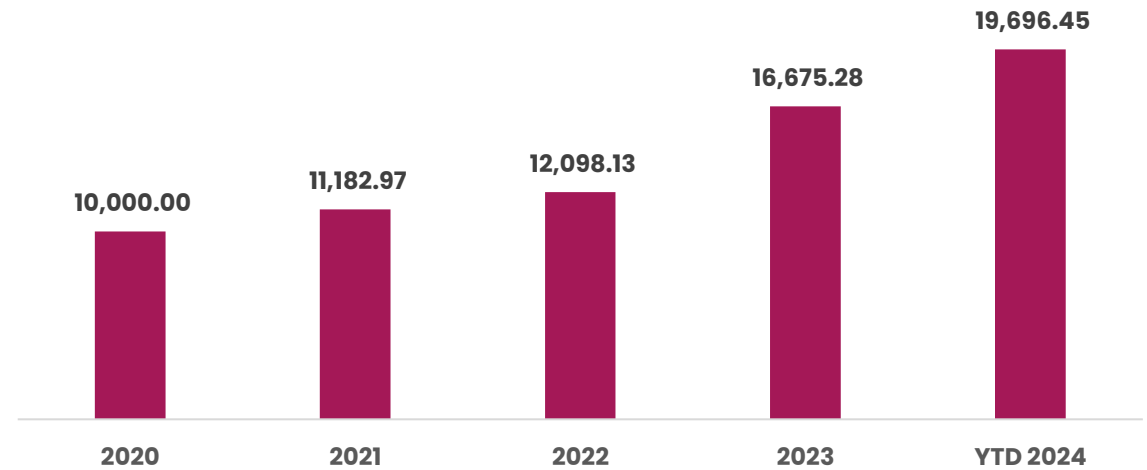


# AGGRESSIVE GROWTH FUND

## Fund Performance



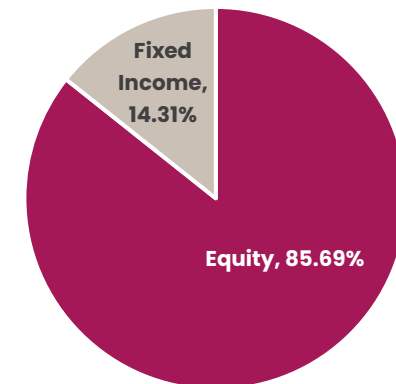
## Growth of N10,000 investment from 31/12/2020 to Date



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
<b>Annual Net Returns</b>	18.40%	11.85%	8.34%	40.24%	18.12%	19.39%
<b>Benchmark</b>	39.25%	5.01%	6.98%	51.44%	31.76%	26.89%

Portfolio Analysis	
Portfolio Beta	1.02
Number of Stocks	25
Monthly Relative Returns	-0.58%
Dividend Yield (2022)	2.04%

## Asset Allocation





# DISCOVERY BALANCE FUND

## Fund Objective:

- ❖ The fund objective is to provide 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>	₦7.28 Billion
<b>Annual Expense Ratio (YtD)</b>	2.14%
<b>Min Initial Investment</b>	₦10,000.00
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum of 20% 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	19%	OVERWEIGHT
Consumer Goods	7%	OVERWEIGHT
Telecoms	11%	UNDERWEIGHT

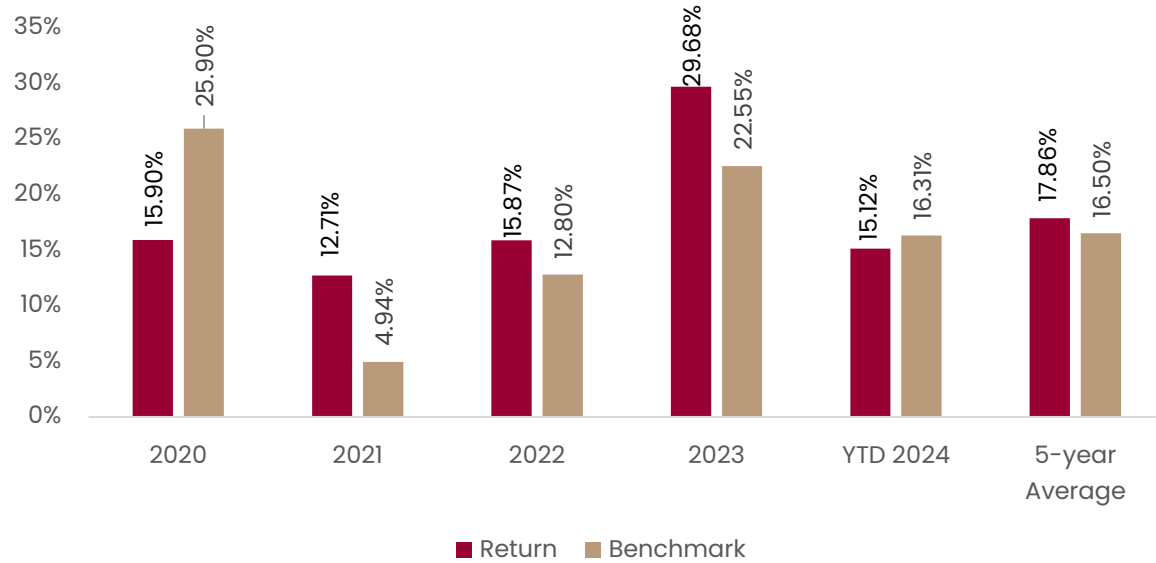
Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	13%	OVERWEIGHT
AIRTELAFR	7%	OVERWEIGHT
BUACEMENT	6%	OVERWEIGHT



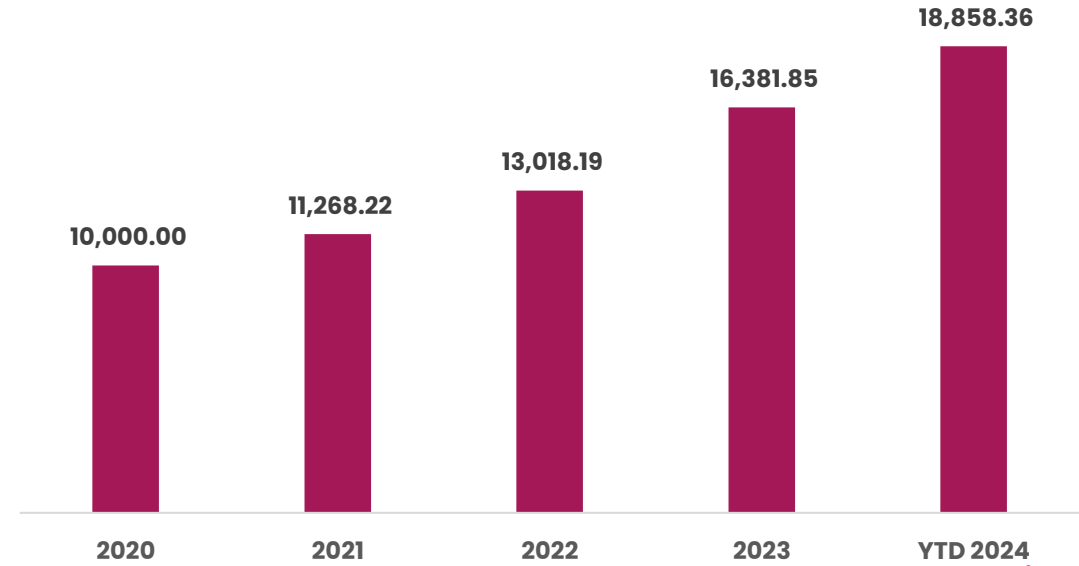


# DISCOVERY BALANCE FUND

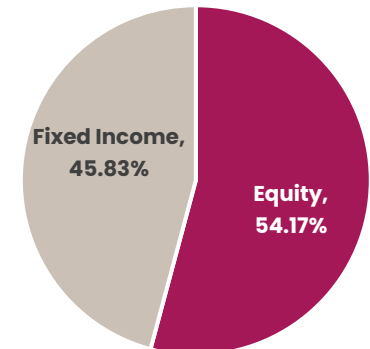
## Fund Performance



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



## Asset Allocation



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
<b>Annual Net Returns</b>	15.90%	12.71%	15.87%	29.68%	15.12%	17.86%
<b>Benchmark</b>	25.90%	4.94%	12.80%	22.55%	16.31%	16.50%

Portfolio Analysis	
Portfolio Beta	0.90
Number of Stocks	22
Monthly Relative Returns	0.60%
Dividend Yield (2022)	3.07%



## Ethical Fund: Shari'ah Compliant

### 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 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
Consumer Goods	19%	UNDERWEIGHT
Industrials	14%	OVERWEIGHT
Telecoms	9%	OVERWEIGHT

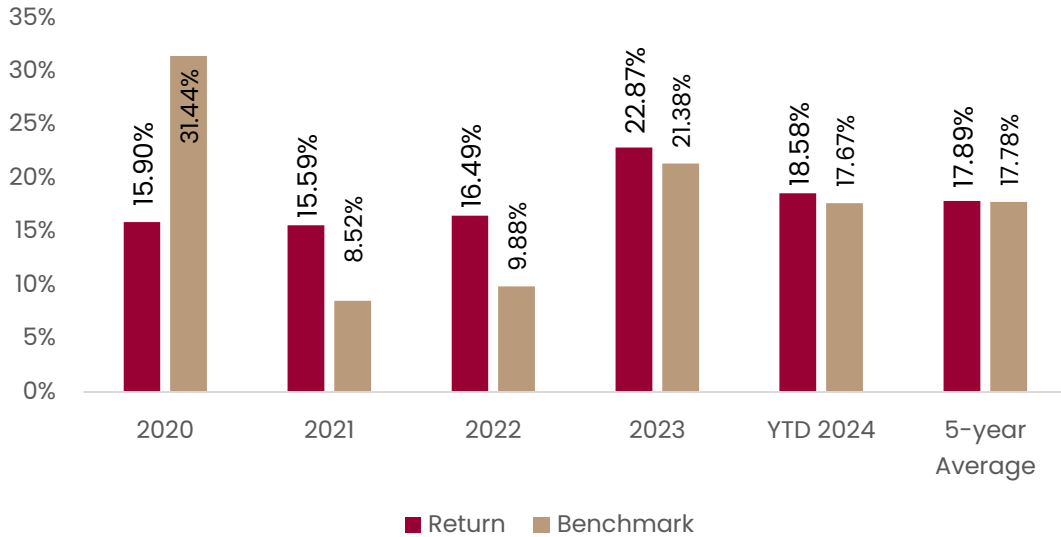
Fund Details	
<b>Benchmark</b>	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
<b>Comparable</b>	FMAN List of Ethical Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	Royal Exchange Plc
<b>Launch Date</b>	2004
<b>AuM</b>	₦933 Million
<b>Annual Expense Ratio (YtD)</b>	2.21%
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Min Initial Investment</b>	₦10,000.00
<b>Incentive Fee</b>	Maximum of 20% of excess returns above benchmark
<b>Asset Allocation</b>	Equity (40%-60%): Alternative Investment (40%-60%)
<b>Risk Profile</b>	Medium

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
BUAFOODS	15%	UNDERWEIGHT
DANGCEM	8%	UNDERWEIGHT
AIRTELAFR	5%	UNDERWEIGHT

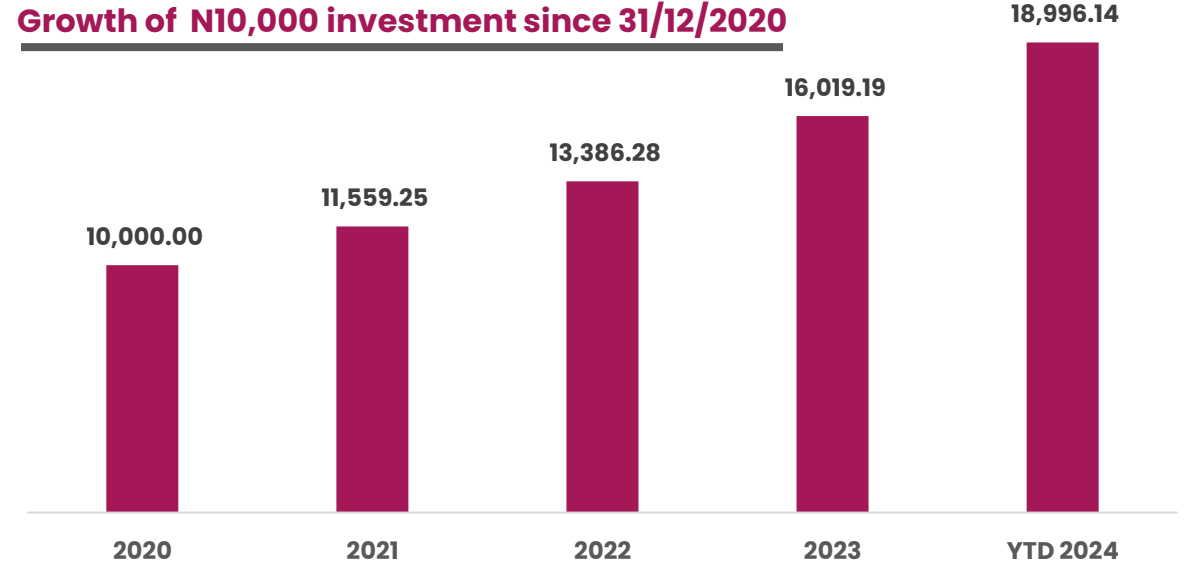


# Ethical Fund: Balanced (Shari'ah Based)

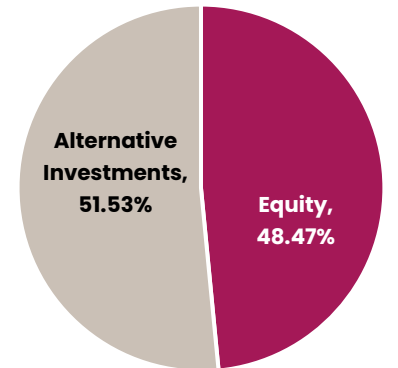
## Fund Performance



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



## Asset Allocation



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
<b>Annual Net Returns</b>	15.90%	15.59%	16.49%	22.87%	18.58%	17.89%
<b>Benchmark</b>	31.44%	8.52%	9.88%	21.38%	17.67%	17.78%

Portfolio Analysis	
Portfolio Beta	0.72
Number of Stocks	10
Monthly Relative Returns	0.23%
Dividend Yield (2023)	3.07%



# 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.

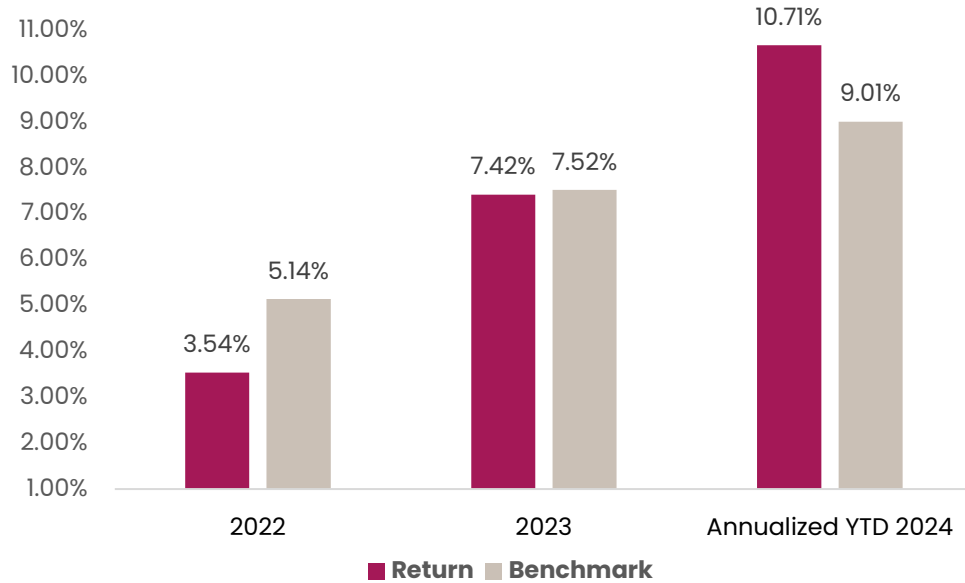
Fund Details	
<b>Benchmark</b>	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
<b>Comparable</b>	FMAN List of Equity Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	STL Trustees Limited
<b>Launch Date</b>	April 2022
<b>Net Asset Value</b>	₦862.18m
<b>Expense Ratio</b>	2.38%
<b>Initial Investment</b>	₦10,000.00
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum 20% of excess returns above benchmark

Portfolio Analysis	
<b>Risk Profile</b>	Medium
<b>Fund Duration</b>	1.54
<b>Holding Yield</b>	14.99%
<b>Dividend Yield (2023)</b>	6.76%

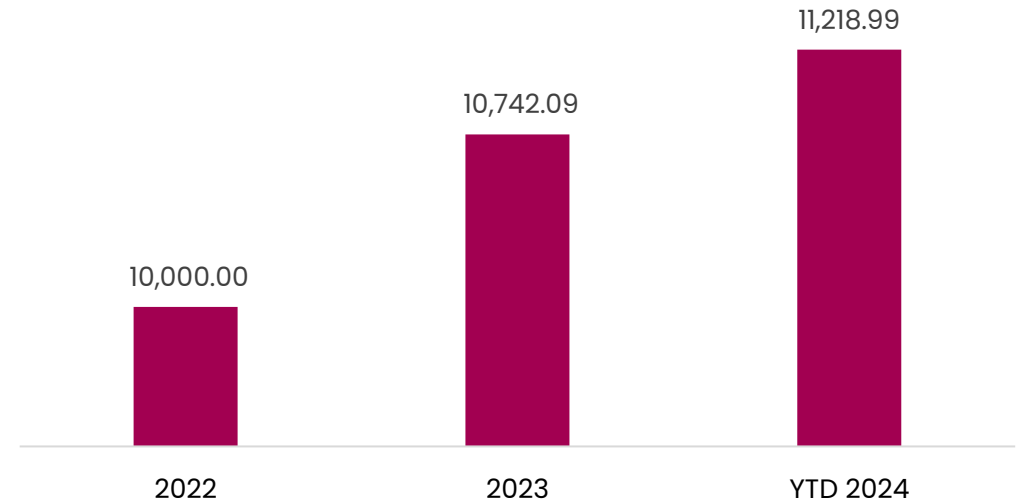


# ARM Short-Term Bond Fund

## Fund Performance

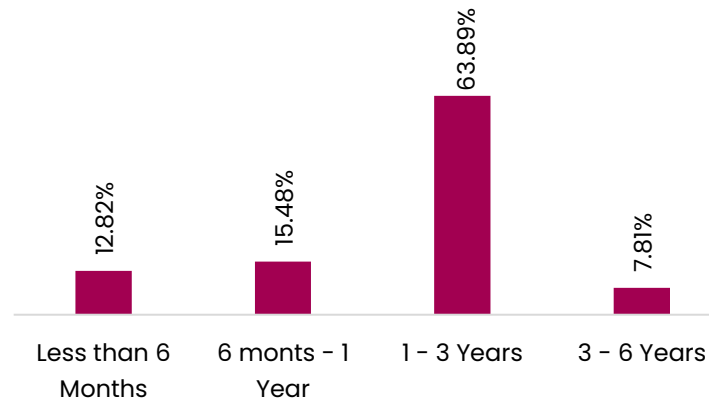


## Growth of N10,000 investment since 31/12/22 to Date

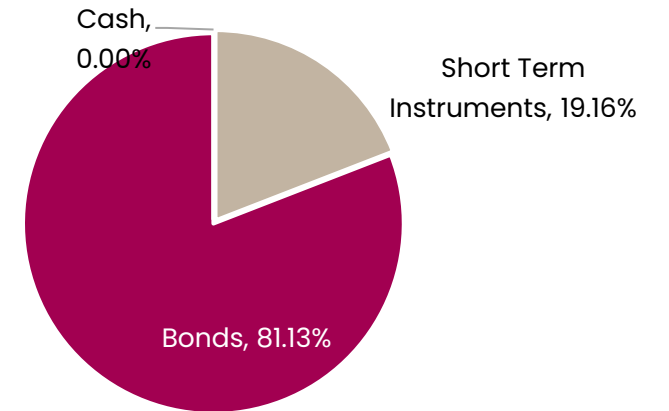


	2022	2023	Annualized YTD 2024
<b>Annual Net Returns</b>	3.54%	7.42%	10.71%
<b>Benchmark</b>	5.14%	7.54%	9.01%

## Maturity Profile



## Asset Allocation





# 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

<b>Benchmark</b>	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
<b>Comparable</b>	FMAN List of Fixed Income Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	STL Trustees Limited
<b>Launch Date</b>	February 2020
<b>Net Asset Value</b>	₦1.42bn
<b>Expense Ratio</b>	2.11%
<b>Initial Investment</b>	₦5,000.00
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum of 20% of excess returns above benchmark

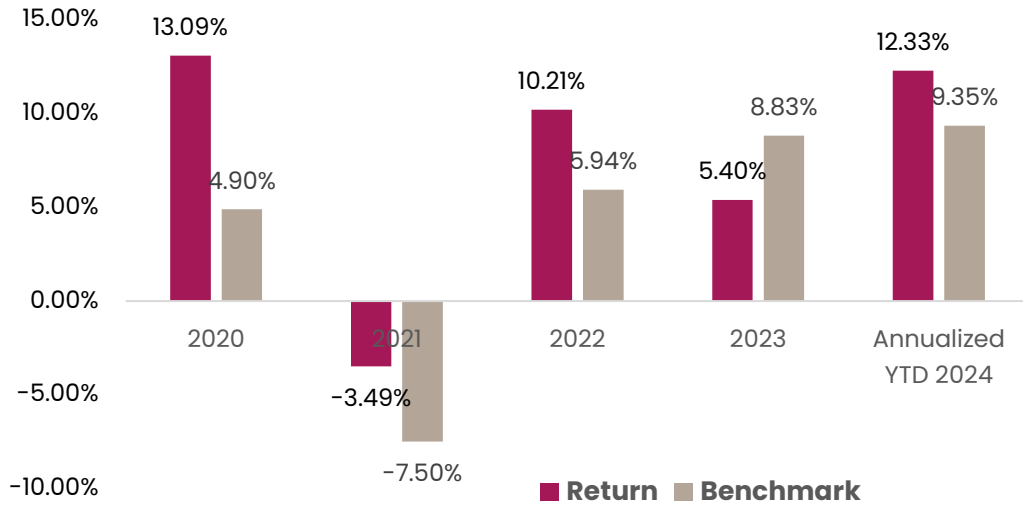
## Portfolio Analysis

<b>Risk Profile</b>	Medium - High
<b>Fund Duration</b>	4.47
<b>Holding Yield</b>	16.05%
<b>Dividend Yield (2023)</b>	6.78%

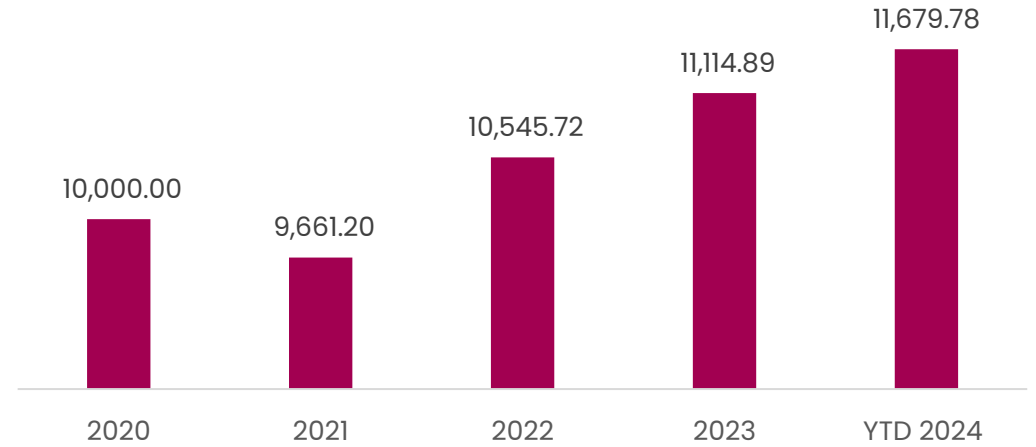


# ARM Fixed Income Fund

## Fund Performance

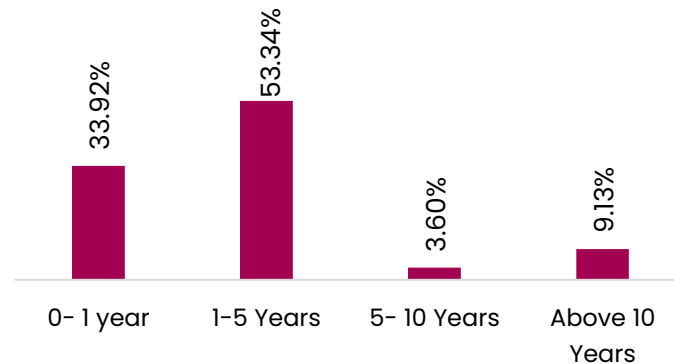


## Growth of N10,000 investment since 31/12/20 to Date

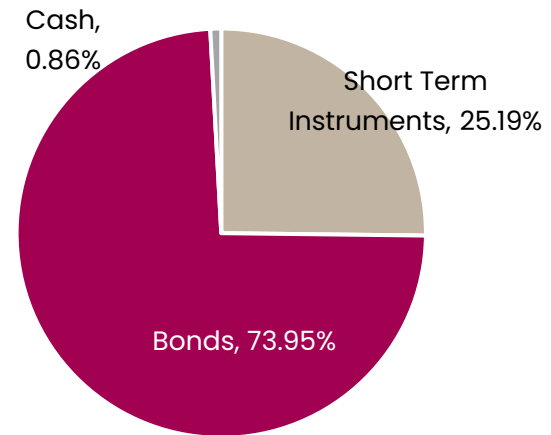


	2020	2021	2022	2023	Annualized YTD 2024
<b>Annual Net Returns</b>	13.09%	-3.49%	10.21%	5.40%	12.33%
<b>Benchmark</b>	4.90%	-7.50%	5.94%	8.83%	9.35%

## 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	
<b>Benchmark</b>	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
<b>Comparable</b>	FMAN List of Eurobond Funds
<b>Custodian</b>	Rand Merchant Bank Limited
<b>Trustee</b>	STL Trustees Limited
<b>Launch Date</b>	February 2020
<b>Net Asset Value</b>	\$10.97m
<b>Expense Ratio</b>	2.12%
<b>Initial Investment</b>	\$1,000.00
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum of 20% of excess returns above benchmark

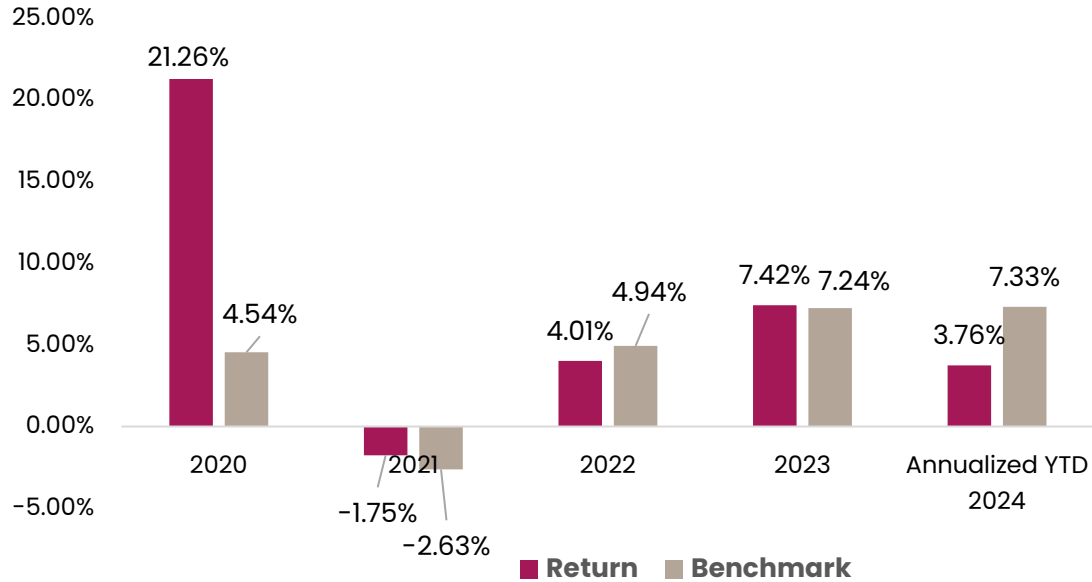
Portfolio Analysis	
<b>Risk Profile</b>	Medium - High
<b>Fund Duration</b>	5.53
<b>Holding Yield</b>	8.99%
<b>Dividend Yield (2023)</b>	6.10%





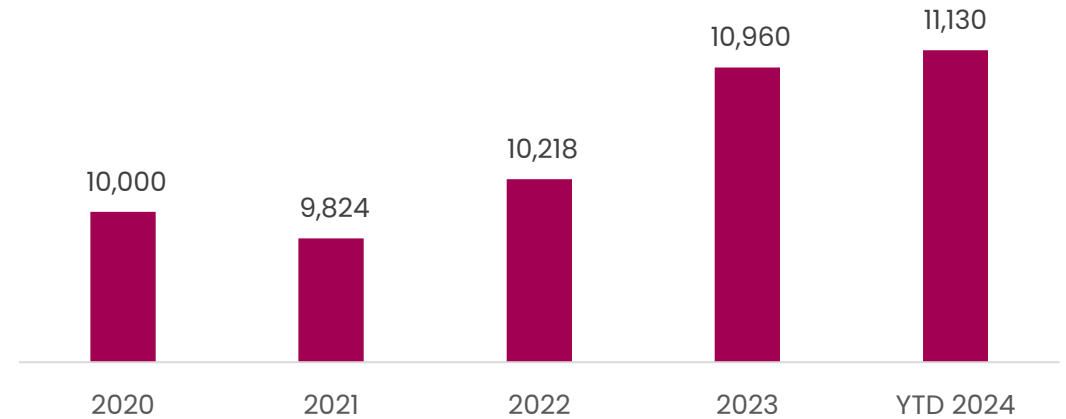
# ARM Eurobond Fund

## Fund Performance

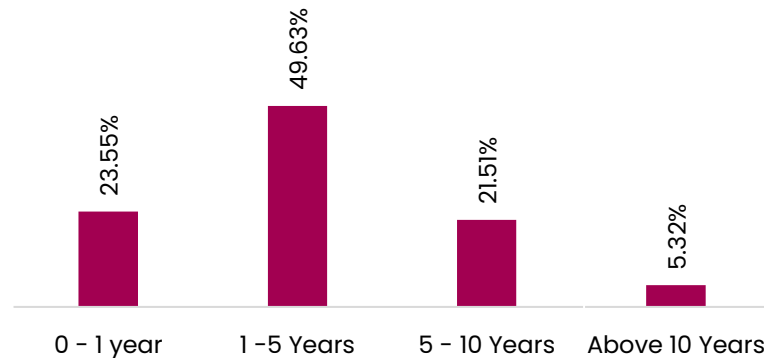


	2020	2021	2022	2023	Annualized YTD 2024
<b>Annual Net Returns</b>	21.26%	-1.75%	4.01%	7.42%	3.76%
<b>Benchmark</b>	4.54%	-2.63%	4.94%	7.24%	7.33%

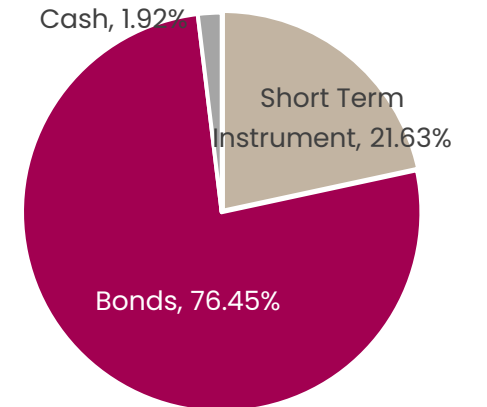
## Growth of \$10,000 investment since 31/12/20 to Date



## Maturity Profile



## Asset Allocation





# Money Market Fund

## Fund Objective

- ❖ 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>	₦84.47 Billion
<b>Annual Expense Ratio (YtD)</b>	2.03%
<b>Minimum Initial Investment</b>	₦1,000.00
<b>Management Fee</b>	1.5% of Net Asset Value
<b>Incentive Fee</b>	Maximum of 20% of excess returns above benchmark

## Portfolio Analysis

<b>Risk Profile</b>	Low
<b>Fund Duration</b>	80.97 days

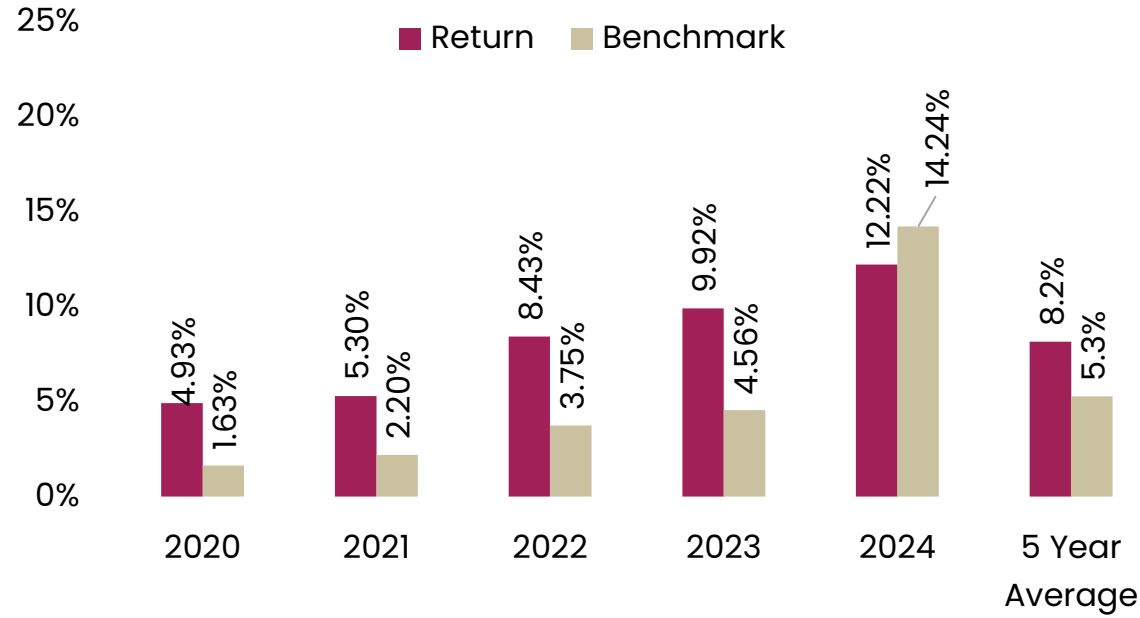


# Money Market Fund

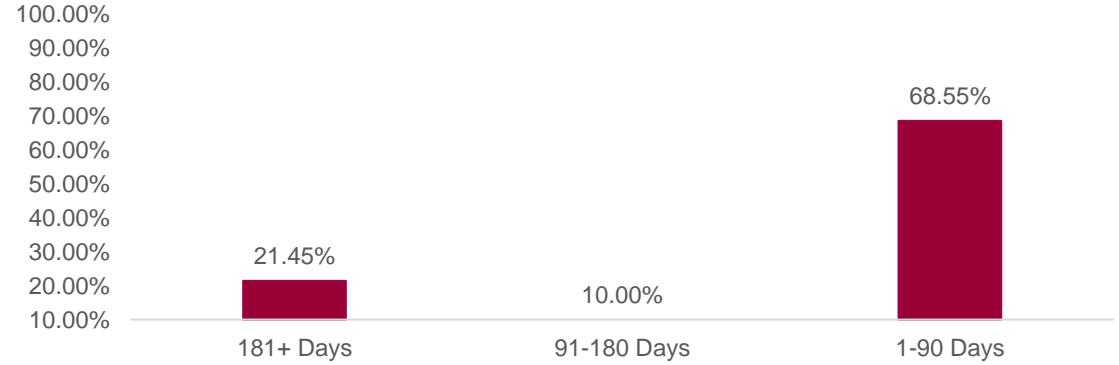
## Fund Performance

## Maturity Profile

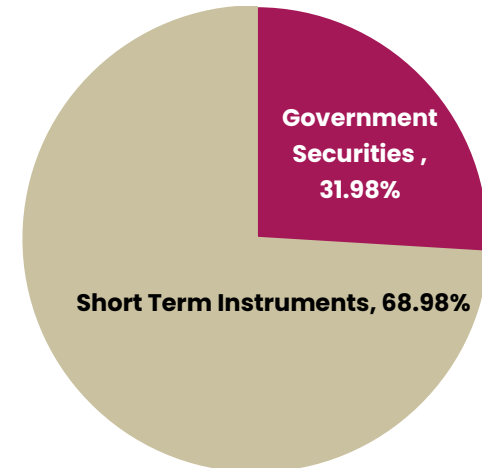
### Fund Performance



### Maturity Profile



### Asset Allocation



	2020	2021	2022	2023	YTD 2024
<b>Annual Net Returns</b>	4.93%	5.30%	8.43%	9.92%	12.22%
<b>Benchmark</b>	1.63%	2.20%	3.75%	4.56%	14.24%



# MARKET & MACRO OUTLOOK

## GLOBAL MARKETS

In June 2024, we expect mixed directions in policy actions across the US, EU and UK. While our expectation tilts more towards a hold in the US, we expect the UK and EU to drop rates on the back of softer price data. We believe the expected policy trajectory would intensify interest in the UK and EU capital market while the US will continue to bear the brunt of stubborn prices.

In Asia, we note the sustained elevated price in Japan and the need for a prompt correction. The Bank of Japan has committed to combatting this through hike in rate. Nevertheless, we believe that the price concern will continue in June. In China, we expect the declining consumer confidence to persist as the euphoria of the Chinese new year celebration wanes and the broader macro-economic weakness persists. On a balance of factor, we expect the capital market in Asia to remain muted in June.

## DOMESTIC MARKETS

### EQUITY

In June 2024, we expect the Nigerian equities market to close positive. This would feed-off the low prices of tickers in the Banking sector, and the rejuvenation observed in the Oil & Gas sector.

### FIXED INCOME

In June 2024, as the CBN continues to pursue its contractionary policy, we expect yields to remain elevated in the fixed income market. Furthermore, we expect that any further rise in yields would only happen at the OMO auctions as the CBN continues to use the medium to stimulate foreign portfolio inflow.



# Thank You





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