



Mutual Fund Fact Sheet

October 2024





Macroeconomics & Market Update

October 2024



GLOBAL

- In September 2024, Consumer Price Index (CPI) in the US and UK printed lower at 2.4% YoY and 2.6% YoY respectively over the period. Core inflation, however, continues to remain a drag driven by elevated shelter and energy cost.
- In the Euro Area, the European Central Bank (ECB) reduced its three key interest rates; Deposit facility, Refinancing operations and Marginal lending facility by 25bps to 3.25%, 3.40% and 3.65%, respectively, as inflation continues to decline.
- The IMF projects a global growth rate of 3.2% for 2024 and 2025. While US economic growth is expected to boost this forecast, downgrades in other advanced economies, particularly in Europe, will likely keep the overall projection modest.
- In October 2024, all indices under our coverage came in negative, except for the NIKKEI 225 (+3.06% MoM) index. The SHCOMP (-1.70% MoM), NASDAQ (-0.52% MoM), S&P 500 (-0.99% MoM) EURO STOXX 50 (-3.46% MoM) and FTSE 100 (-1.54% MoM) closed negative.

DOMESTIC

- In September 2024, the CPI rose by 32.70% YoY from 32.15% in August, driven by higher food inflation. Core CPI fell by 27.43% YoY. Monthly, headline CPI increased by 2.52% from 2.22%, with food inflation rising and core inflation decreasing.
- In Q2'2024, foreign capital inflows increased by 152.81% YoY to USD2.60bn, driven by a 1,214.69% rise in Foreign Portfolio Investment (FPI) to USD 1.40bn from USD 87.11mn. However, Foreign Direct Investment (FDI) fell by 65.33% to USD 29mn, while Other Investment grew by 39.72% to USD1.17bn. On a QoQ basis, all categories declined, leading to a 22.85% overall drop in capital inflows.

FIXED INCOME

Primary Market

- In October, two Treasury bill auctions were held, with the total offer of NGN456.57bn. The average stop rate increased to 18.25% from 17.80% in August, while the bid-to-cover ratio fell to 2.11x. The CBN sold NGN456.57bn in Treasury bills during the month.
- At the FGN bond auction, the Debt Management Office offered NGN180bn in bonds (NGN90bn each for APR-2029 and FEB-2031). The average stop rate rose to 21.25%, with a bid-to-cover ratio of 2.18x, raising a total of NGN289.59bn.
- The Central Bank of Nigeria held two OMO auctions, raising the offer to NGN800bn (from NGN500bn in September). The bid-to-cover ratio jumped to 2.05x from 0.51x while the average stop rate dipped slightly to 8.10% from 8.12%. CBN sold a total of NGN1.64trn in OMO bills.

Secondary Market

- The Nigerian Fixed Income Market ended October 2024 on a bearish note due to a liquidity crunch from OMO auctions, CBN's FX intervention, CRR debits, and bond settlements. Despite a late-month improvement from FAAC credits, the market remained bearish, with the average yield rising by 146bps MoM to 21.86%.
- Accordingly, average yield in the treasury bills market surged by 220bps to 24.22%, while average yield in the FGN Bonds market rose by 71bps MoM to 19.49%.

EQUITIES

- In October 2024, the NGX All Share Index (NGX ASI) declined by 0.92% MoM to 97,651.23 points, compared to a 2.05% MoM gain in September 2024. At the end of October, the Year-to-date (YtD) return settled at 30.60% (vs. 31.81% YtD in September 2024).
- The Oil and Gas sector (+15.82% MoM) led sectoral gains, followed by the Banking (+5.99% MoM) and Insurance (+4.16% MoM) sectors. On the other hand, the Industrial Goods (-9.32% MoM) and Consumer Goods (-0.52% MoM) sectors recorded losses.
- Corporate actions: ARADEL's listing on NGX, TRANSCORP's share reconstruction (1 for 4), SEPLAT's approval to acquire ExxonMobil's onshore assets and OANDO's share was suspension from trading due to delayed filing of audited financials. In addition, earnings results heightened the momentum in October.



Mutual Fund Performance

October 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	
Benchmark	NGX30 Index
Comparable	FMAN List of Equity Funds
Custodian	Rand Merchant Bank Limited
Trustee	FBNQuest Trustees Nigeria Limited
Launch Date	2007
AuM	₦3.76 Billion
Management Fee	1.5% of Net Asset Value
Annual Expense Ratio (YtD)	2.26%
Min Initial Investment	₦ 50,000.00
Incentive Fee	Maximum of 20% of excess returns above benchmark
Portfolio Allocation	Equity (70% - 100%): Fixed Income (0-30%)

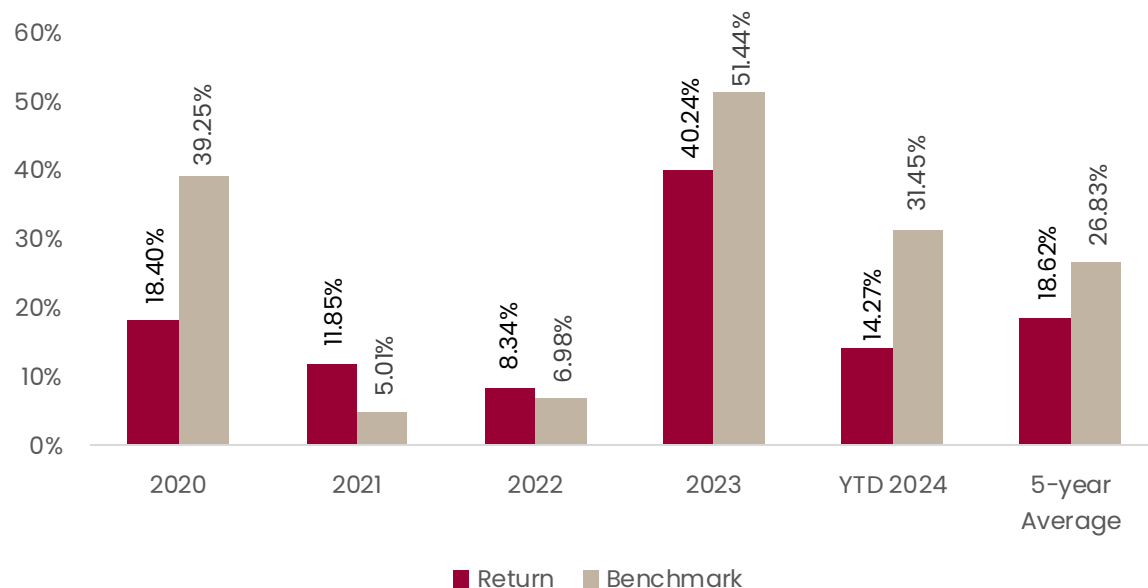
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Financial Services	26%	OVERWEIGHT
Industrials	24%	OVERWEIGHT
Consumer Goods	14%	UNDERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	20%	OVERWEIGHT
ACCESS	15%	OVERWEIGHT
BUAFOODS	9%	UNDERWEIGHT

AGGRESSIVE GROWTH FUND

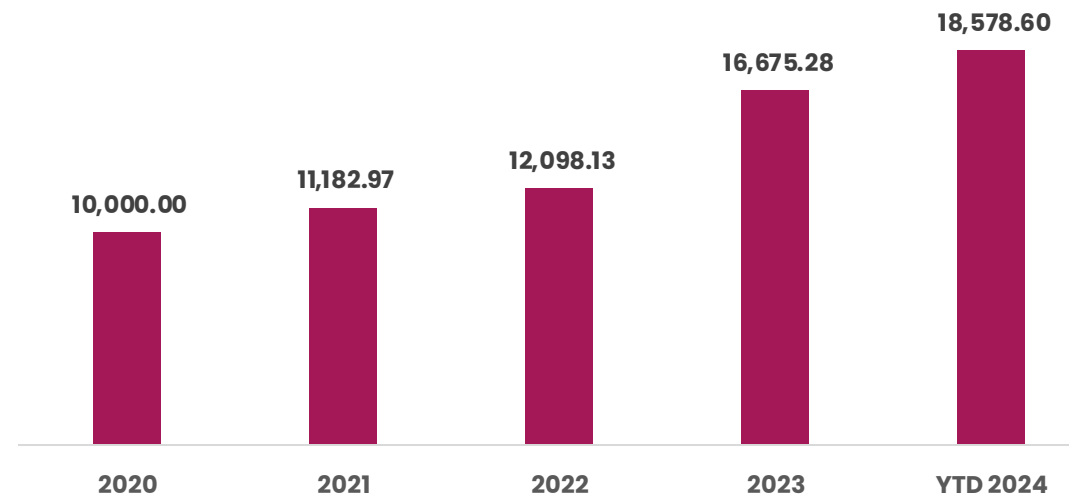


Fund Performance



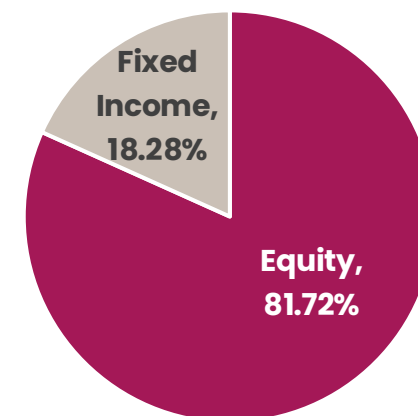
	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	18.40%	11.85%	8.34%	40.24%	14.27%	18.62%
Benchmark	39.25%	5.01%	6.98%	51.44%	31.45%	26.83%

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



Portfolio Analysis	
Portfolio Beta	1.07
Number of Stocks	23
Monthly Relative Returns	-0.39%
Dividend Yield (2023)	2.50%

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	
Benchmark	NGXASI:40%, NITTY:40%, FGN 2YR BOND 20%
Comparable	FMAN List of Balanced Funds
Custodian	Rand Merchant Bank Limited
Trustee	FBNQuest Trustees Nigeria
Launch Date	1995
AuM	₦6.54 Billion
Annual Expense Ratio (YtD)	2.19%
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

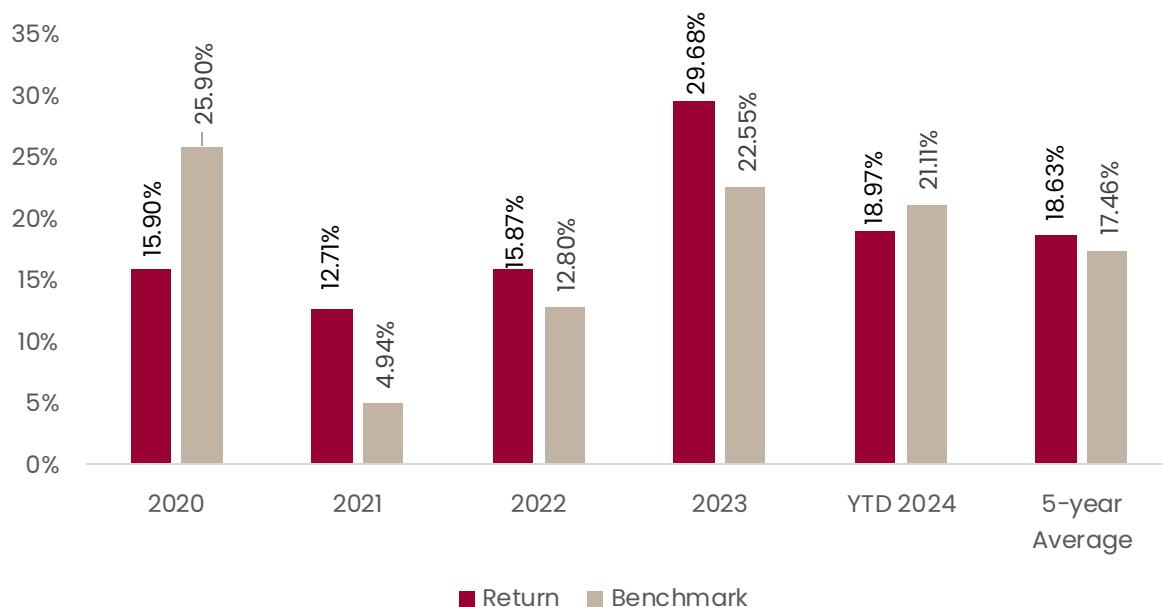
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Financial Services	17%	OVERWEIGHT
Industrials	14%	OVERWEIGHT
Consumer Goods	10%	OVERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
ACCESSCORP	11%	OVERWEIGHT
DANGCEM	10%	OVERWEIGHT
BUAFOODS	6%	OVERWEIGHT

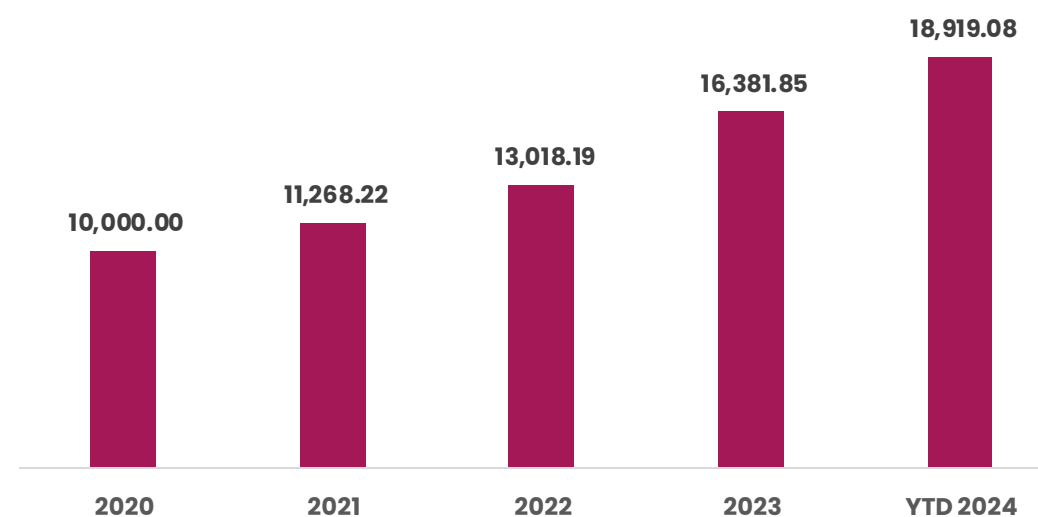
DISCOVERY BALANCE FUND



Fund Performance



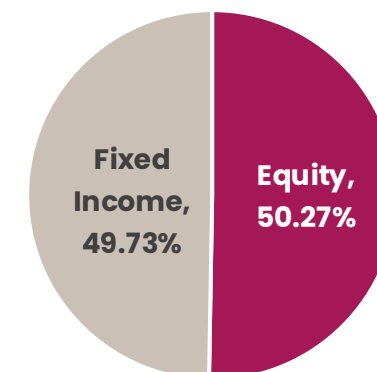
Growth of N10,000 investment since 31/12/2020



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	15.90%	12.71%	15.87%	29.68%	18.97%	18.63%
Benchmark	25.90%	4.94%	12.80%	22.55%	21.11%	17.46%

Portfolio Analysis	
Portfolio Beta	1.11
Number of Stocks	22
Monthly Relative Returns	-1.34%
Dividend Yield (2023)	3.00%

Asset Allocation



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	27%	OVERWEIGHT
Industrials	11%	UNDERWEIGHT
Telecoms	9%	OVERWEIGHT

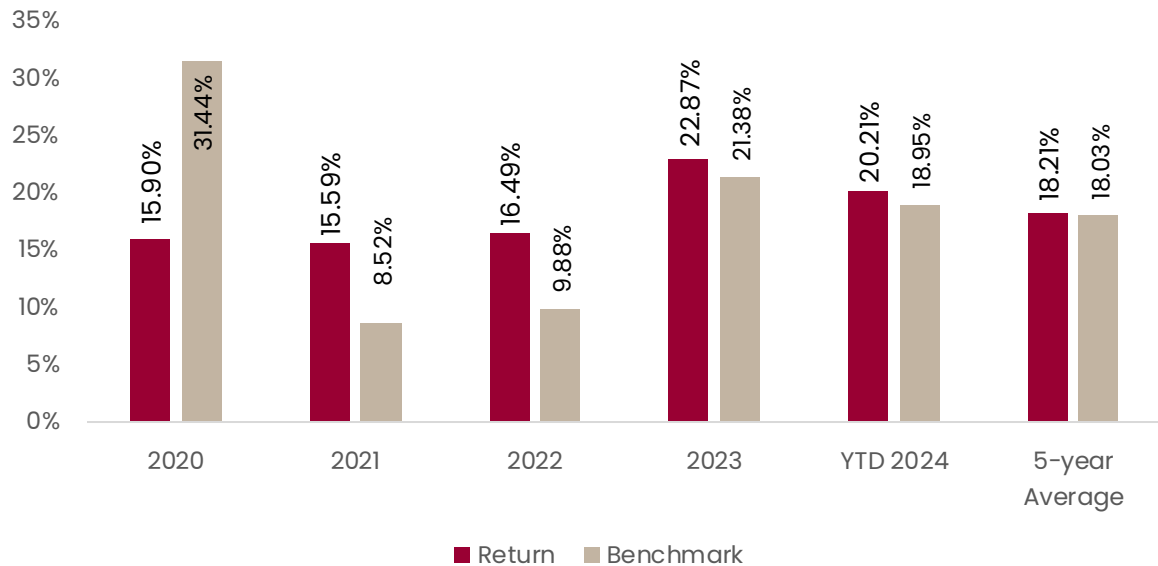
Fund Details	
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Comparable	FMAN List of Ethical Funds
Custodian	Rand Merchant Bank Limited
Trustee	Royal Exchange Plc
Launch Date	2004
AuM	₦902 Million
Annual Expense Ratio (YtD)	2.23%
Management Fee	1.5% of Net Asset Value
Min Initial Investment	₦10,000.00
Incentive Fee	Maximum of 20% of excess returns above benchmark
Asset Allocation	Equity (40%-60%): Alternative Investment (40%-60%)
Risk Profile	Medium

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
BUAFOODS	16%	OVERWEIGHT
OKOMUOIL	7%	OVERWEIGHT
DANGCEM	6%	UNDERWEIGHT

Ethical Fund: Balanced (Shari'ah Based)

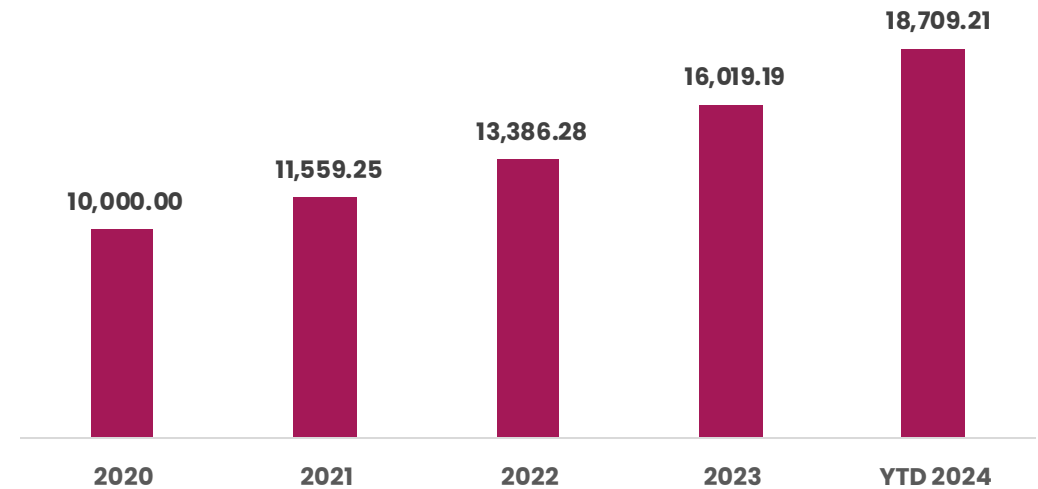


Fund Performance

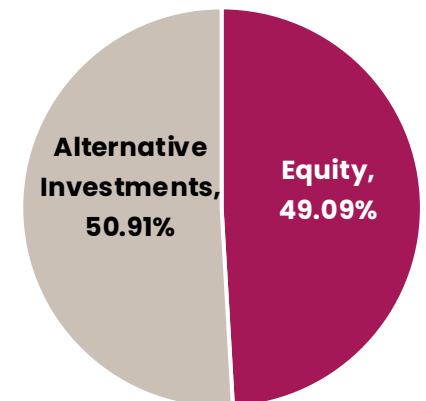


	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	15.90%	15.59%	16.49%	22.87%	20.21%	18.21%
Benchmark	31.44%	8.52%	9.88%	21.38%	18.95%	18.03%

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



Asset Allocation



Portfolio Analysis	
Portfolio Beta	0.67
Number of Stocks	11
Monthly Relative Returns	-0.73%
Dividend Yield (2023)	3.00%

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.

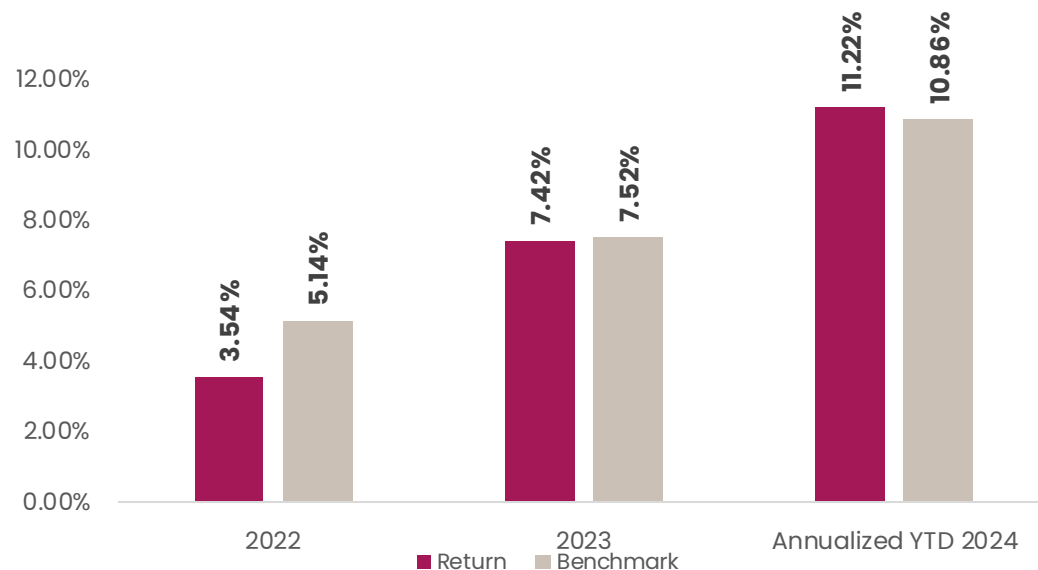
Fund Details	
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Interbank Treasury Bills True Yield
Comparable	FMAN List of Fixed Income Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	April 2022
Net Asset Value	₦834.82m
Expense Ratio	2.54%
Initial Investment	₦10,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum 20% of excess returns above benchmark

Portfolio Analysis	
Risk Profile	Medium
Fund Duration	1.34
Holding Yield	15.35%
Dividend Yield (2023)	6.76%

ARM Short-Term Bond Fund

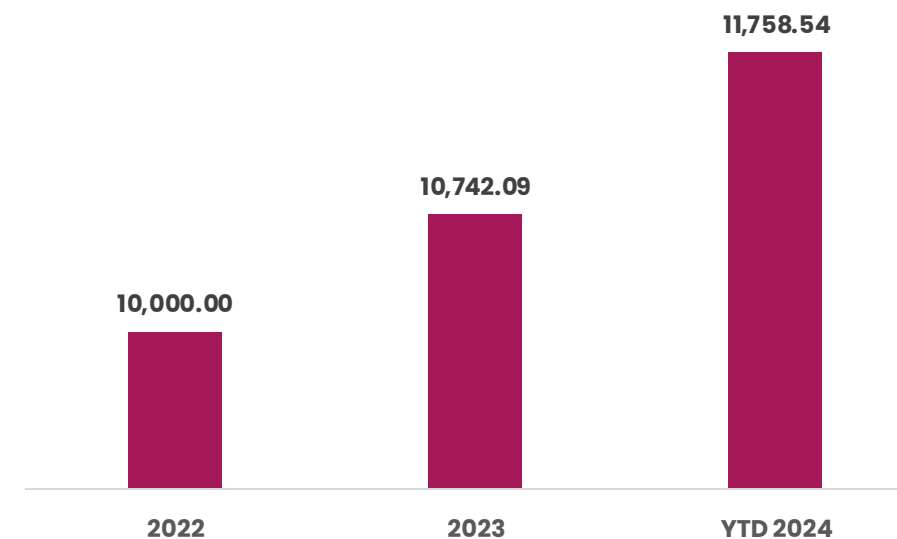


Fund Performance

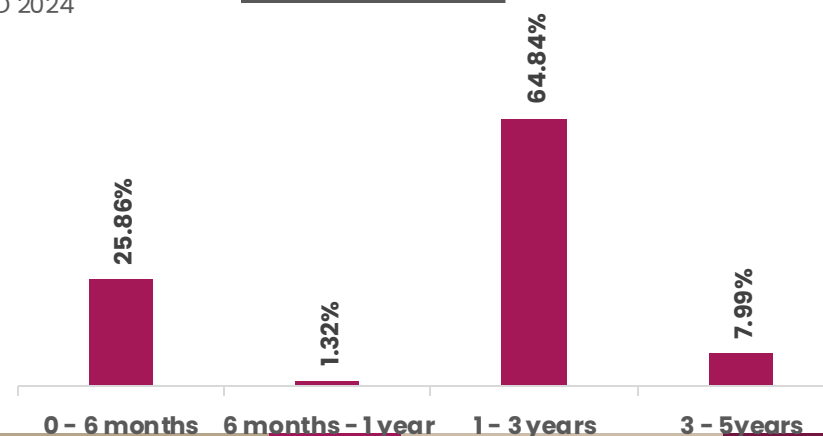


	2022	2023	Annualized YTD 2024
Annual Net Returns	3.54%	7.42%	11.22%
Benchmark	5.14%	7.54%	10.86%

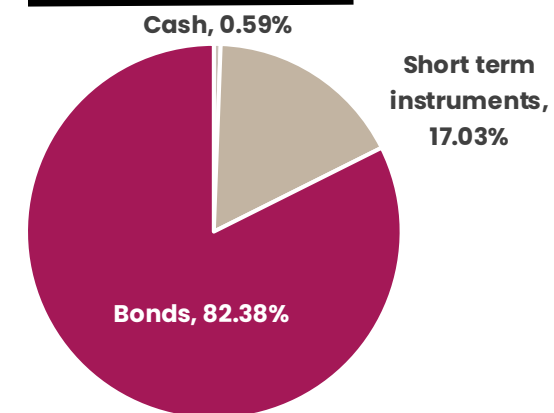
Growth of N10,000 investment since 31/12/22 to Date



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.

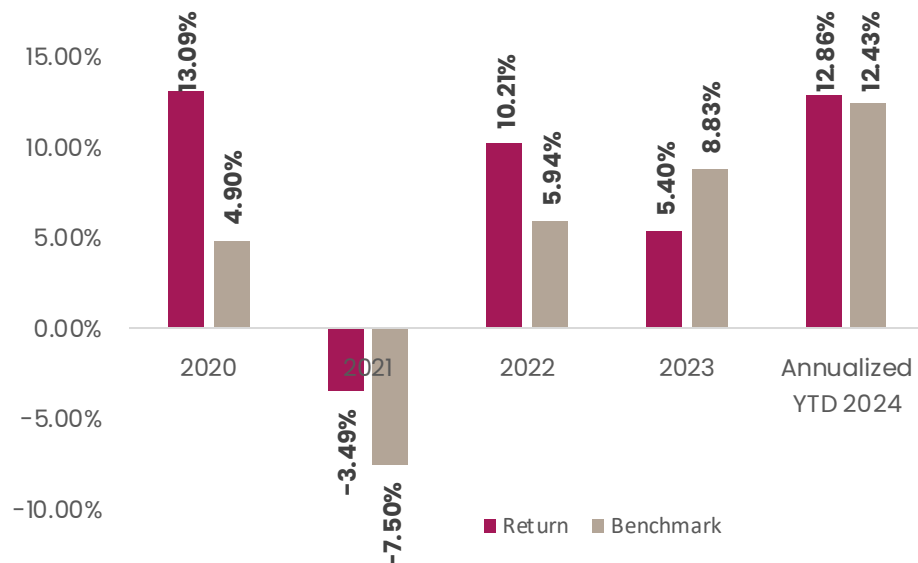
Fund Details

Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Interbank Treasury Bills True Yield
Comparable	FMAN List of Fixed Income Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	February 2020
Net Asset Value	₦1.43bn
Expense Ratio	2.20%
Initial Investment	₦5,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark

Portfolio Analysis

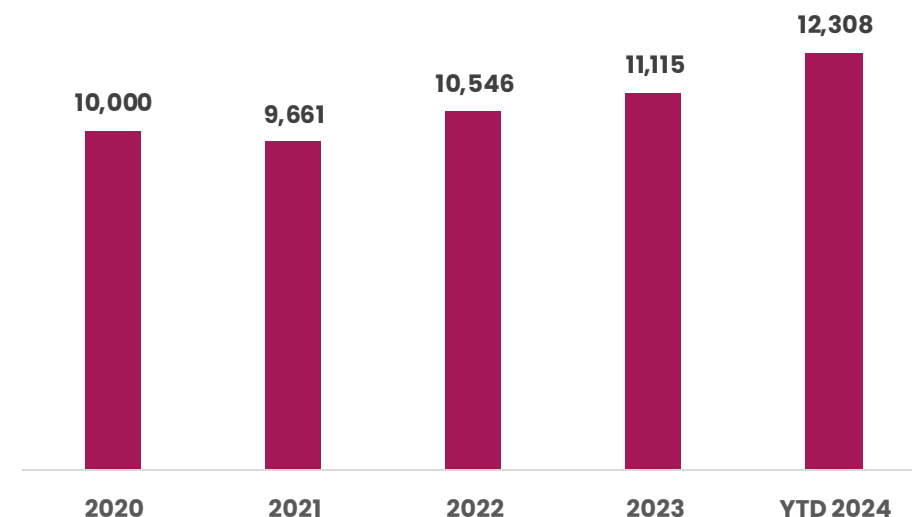
Risk Profile	Medium - High
Fund Duration	2.20
Holding Yield	17.10%
Dividend Yield (2023)	6.78%

Fund Performance

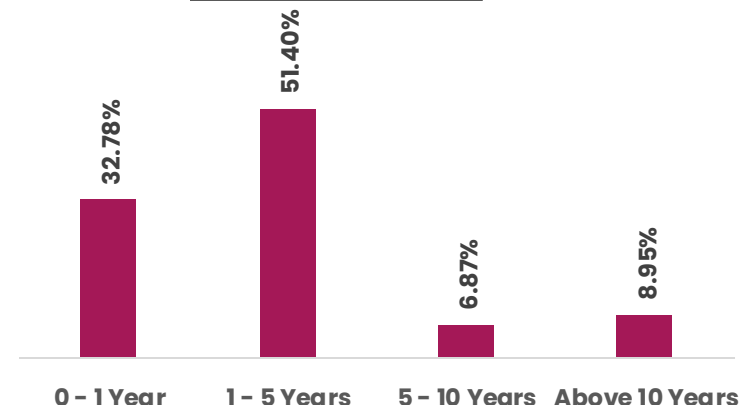


	2020	2021	2022	2023	Annualized YTD 2024
Annual Net Returns	13.09%	-3.49%	10.21%	5.40%	12.86%
Benchmark	4.90%	-7.50%	5.94%	8.83%	12.43%

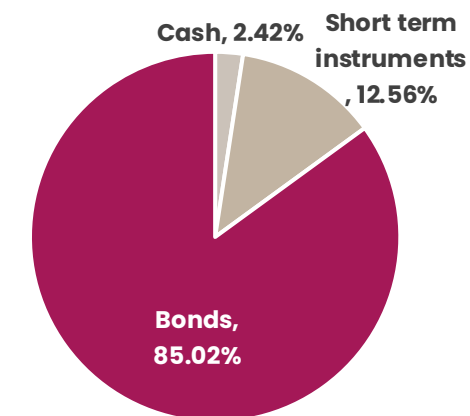
Growth of N10,000 investment since 31/12/20 to Date



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

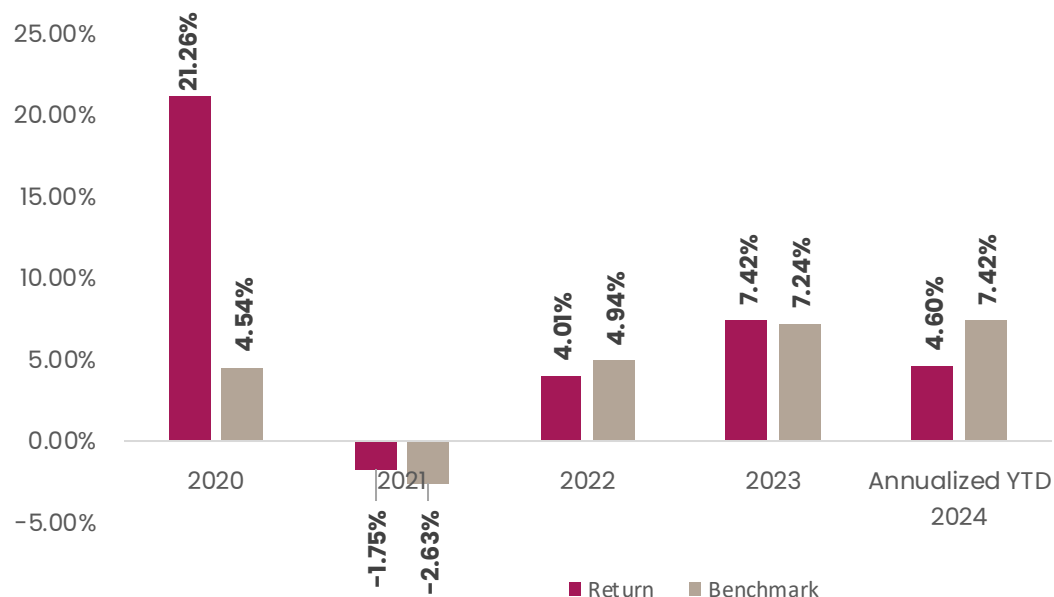
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

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	\$9.63m
Expense Ratio	2.01%
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	Medium - High
Fund Duration	2.78
Holding Yield	8.79%
Dividend Yield (2023)	6.10%

ARM Eurobond Fund

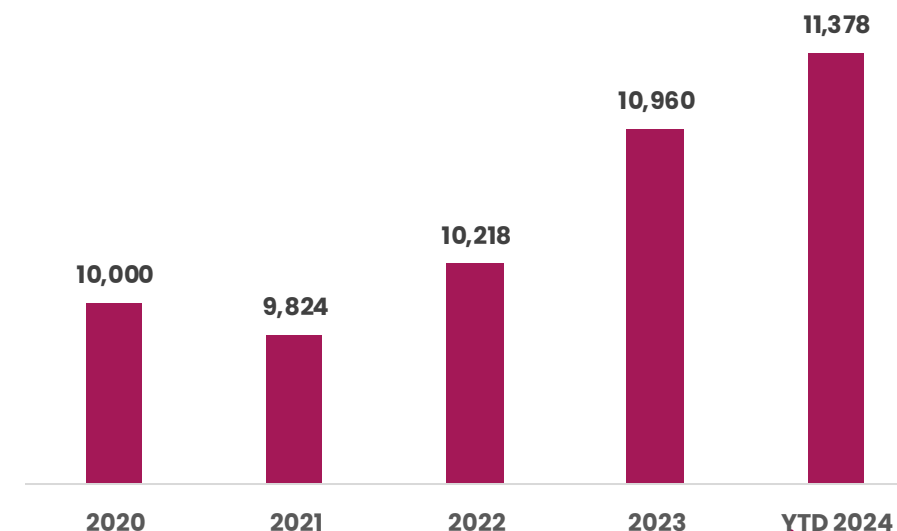


Fund Performance

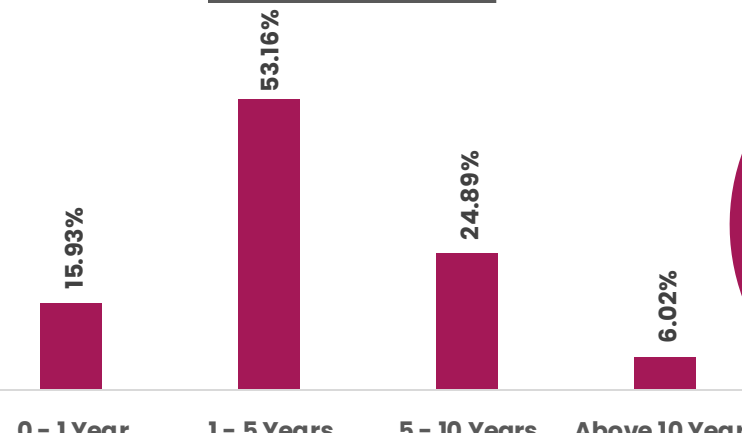


	2020	2021	2022	2023	Annualized YTD 2024
Annual Net Returns	21.26%	-1.75%	4.01%	7.42%	4.60%
Benchmark	4.54%	-2.63%	4.94%	7.24%	7.42%

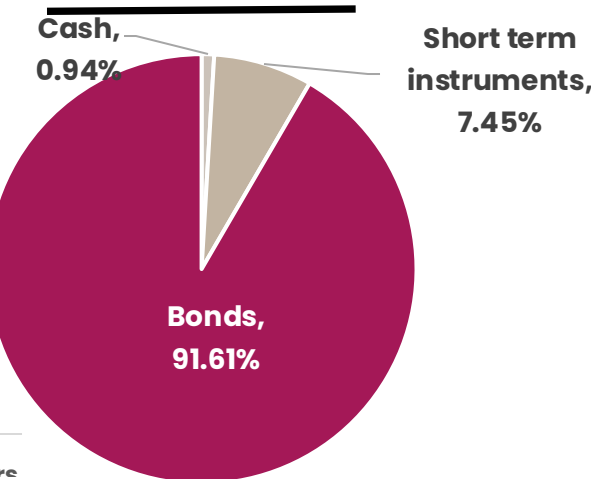
Growth of \$10,000 investment since 31/12/20 to Date



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	
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	₦103.27 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 15% of excess returns above benchmark
Portfolio Analysis	
Risk Profile	Low
Fund Duration	64.84 days
Monthly Relative Returns	2.77

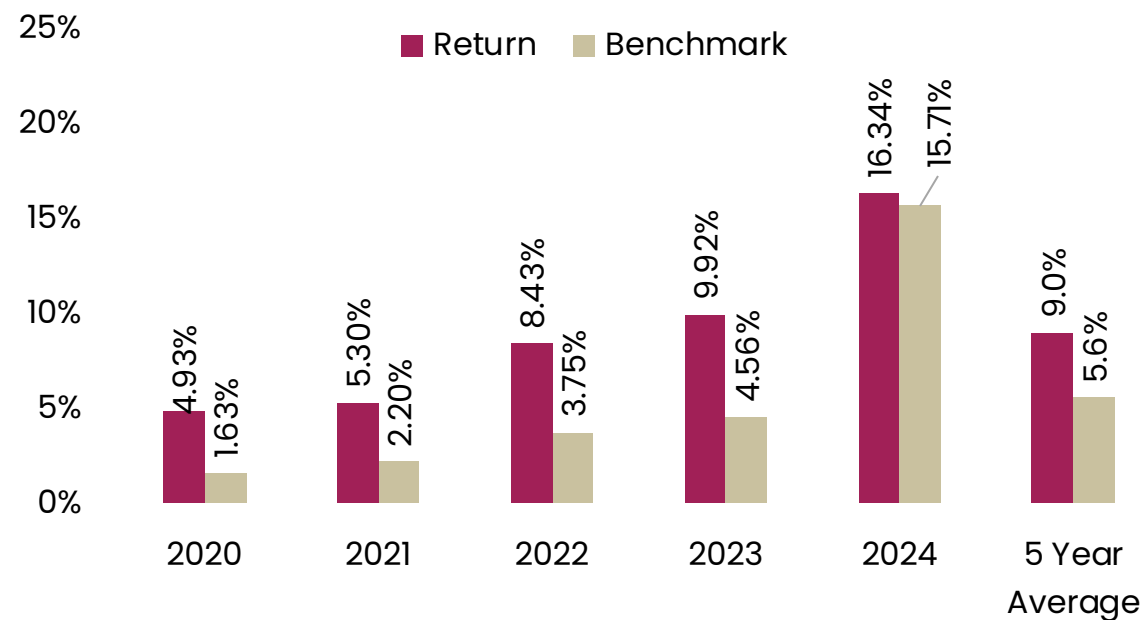
Money Market Fund



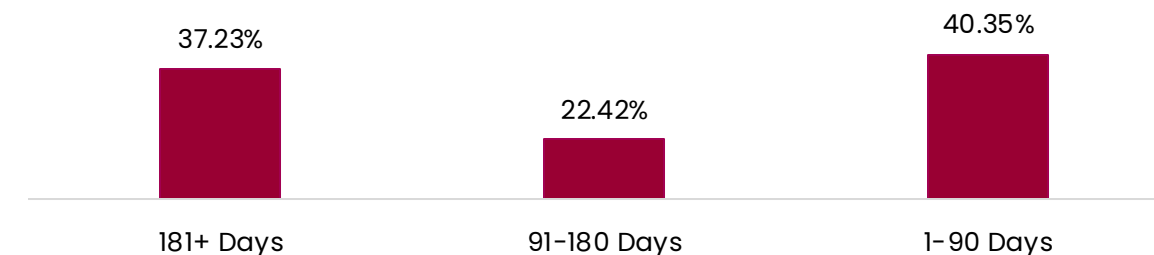
Fund Performance

Maturity Profile

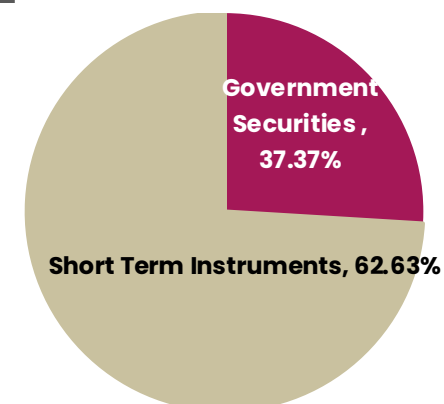
Fund Performance



Maturity Profile



Asset Allocation



	2020	2021	2022	2023	YTD 2024
Annual Net Returns	4.93%	5.30%	8.43%	9.92%	16.34%
Benchmark	1.63%	2.20%	3.75%	4.56%	15.71%

MARKET & MACRO OUTLOOK



GLOBAL MARKETS

North America: With the recent inflation numbers hitting their target levels, expectation for a rate cuts remains in the picture, while rising debt levels continue to shape the outlook of the economy.

UK and EU: With decelerating inflation numbers, the prospect for further rate cuts should increase, which also drive positive sentiment in the equity market.

Asia: In China, we continue to anticipate the impact of the recent stimulus package, as the policy makers stick to their expansionary policies to revive China's struggling domestic economy. However, in Japan, we expect Japanese central bank to continue their hawkish posturing in a bit to attract investments and strengthen the Japanese Yen.

DOMESTIC MARKETS

EQUITY

Given the mixed earnings results and market reaction observed in October, we expect to see a relief in November. While profit taking could persists on stocks with decent performance so far in 2024, bearish posture should continue to saturate around stocks with poor earnings results.

FIXED INCOME


In November 2024, we expect bearish bias to resurface in the Nigeria's fixed income market. This is expected to feed-off lower financial system liquidity projection of about NGN270bn (net of NTB issuances) from about NGN955.46bn in October. Overall, we expect yields to remain elevated amid higher inflationary environment.

Thank You





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