



Macroeconomics & Market Update

July 2024



MACRO ECONOMIC UPDATE

GLOBAL



- The U.S. Bureau of Economic Analysis (BEA) released its preliminary estimate for Q2:2024 Gross Domestic Product (GDP). The report indicated a stronger-than-expected economic performance, with real GDP expanding by 2.8% YoY (vs 1.4%YoY in Q1:2024), surpassing the Dow Jones forecast of 2.1%. This acceleration was primarily driven by increased consumer spending and private inventory investment, partially offset by a decline in residential investment..
- In June 2024, the US Personal Consumption Expenditure (PCE) price index, moderated to 2.6% YoY. Similarly, the core PCE, which excludes volatile food and energy prices, cooled to 2.9% YoY. These figures suggest easing price pressures, although inflation remains above the Fed's 2% target.
- Consumer Prices Index (CPI) in the UK rose by 2.0% YoY in June 2024, unchanged from May 2024. On a MoM basis, CPI rose by 0.1% in June 2024, the same rate as in June 2023. Core CPI (excluding energy, food, alcohol and tobacco) rose by 3.5% YoY in June 2024, the same rate as in May 2024.
- In July 2024, the FTSE (+2.35% MoM) and S&P 500 (+1.00% MoM) closed positive while NIKKEI 225 (-1.22% MoM) and EURO STOXX (-0.61% MoM) closed bearish. The NASDAQ index (0.00% MoM) closed flat.

DOMESTIC

- In June 2024, Nigeria's headline inflation moved upward by 24bps to 34.19% Year-on-Year (YoY) compared to 33.95% YoY reported in May 2024. This increase was driven by higher prices in both food (+21bps to 40.87% YoY) and core inflation (+36bps to 27.40% YoY). On a Month-on-Month (MoM) basis, headline inflation rose by 17bps to 2.31% MoM.
- The Monetary Policy Committee convened for its 296th meeting in July, the committee decided to increase the MPR by 50bps to 26.75% and adjusted the Asymmetric Corridor to +500/-100 basis points around the MPR. Additionally, the committee retained the Cash Reserve Ratio (CRR) for commercial banks at 45% and for merchant banks at 14%, while maintaining the Liquidity Ratio at 30%.
- The Q1:2024 capital importation report, revealed a 198.06% YoY increase to USD3.37bn, compared to USD 1.13bn in Q1:2023. This growth is driven by significant increases in Foreign Direct Investment (+150.35% YoY to USD 119.18mn), Foreign Portfolio Investment (+219.67% YoY to USD 2.07mn), and other investments (+171.08% YoY to USD 171bn).

FIXED INCOME

Primary Market

- In July 2024, the Central Bank of Nigeria (CBN) conducted two Treasury bill auctions, offering NGN444.07 billion, down from NGN494.07 billion in June. The average stop rate increased to 19.18%, while the bid-to-cover ratio dropped to 1.54x. The CBN sold NGN485.3 billion in July, compared to NGN617.92 billion in June.
- At the July FGN bond auction, the DMO offered NGN300 billion in bonds across APR-2029, FEB-2031, and MAY-2033, each at NGN100 billion. Average stop rates rose to 20.96%, with strong demand for MAY-2033 bonds. The bid-to-cover ratio improved to 0.93x, and the DMO sold NGN225.68 billion, focusing on longer-term bonds.

Secondary Market

- The Nigerian Fixed Income Market remained bearish in July 2024, with significant yield increases. Treasury Bills saw average yields jump 311bps to 25.18%, and FGN Bonds rose 101bps to 19.76%. Overall, the market's average yield increased by 206bps to 22.47%.

EQUITIES

- The market relapsed into the negative space, as the NGX ASI declined by 2.28% MoM to 97,774.22 points (vs. 100,057.49 points in June 2024). Consequently, the market's year-to-date (YtD) returns fell to 30.76% YtD (vs. 33.81% YtD in June 2024).
- Except the Oil and Gas sector (+5.55% MoM) which closed positive, all other sectors closed negative. Specifically, the Industrial Goods (-5.58% MoM), Consumer Goods (-4.53% MoM), Banking (-3.47% MoM) and Insurance (-2.57% MoM) sectors, all closed negative in July 2024.



Mutual Fund Performance

June 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	₦3.79 Billion
Management Fee	1.5% of Net Asset Value
Annual Expense Ratio (YtD)	2.19%
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%)

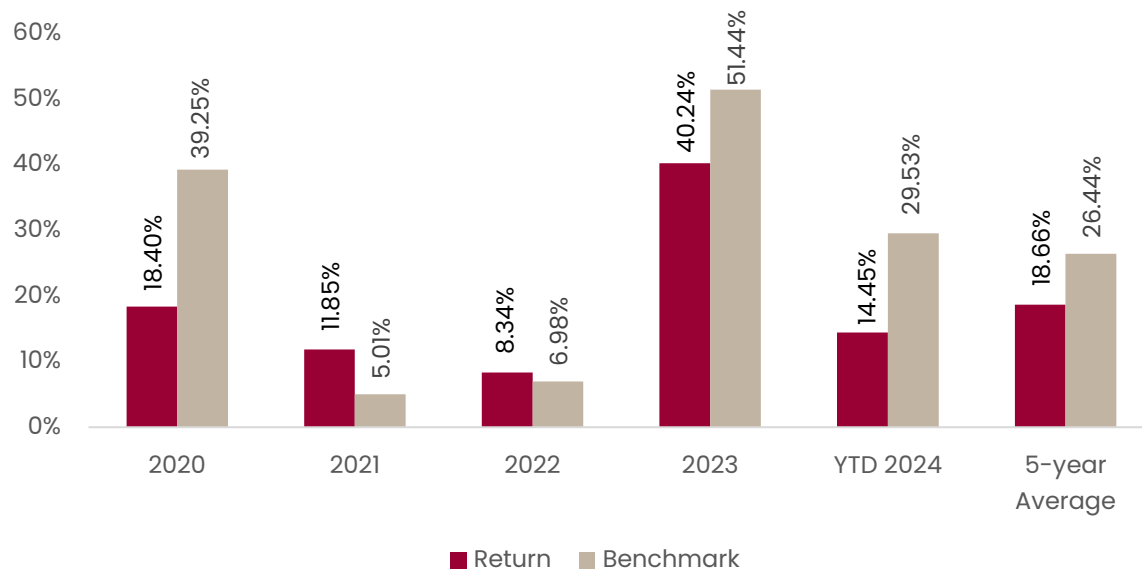
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	34%	OVERWEIGHT
Telecoms	22%	UNDERWEIGHT
Financial Services	12%	OVERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	25%	OVERWEIGHT
BUAFOODS	11%	UNDERWEIGHT
AIRTELAFR	10%	UNDERWEIGHT

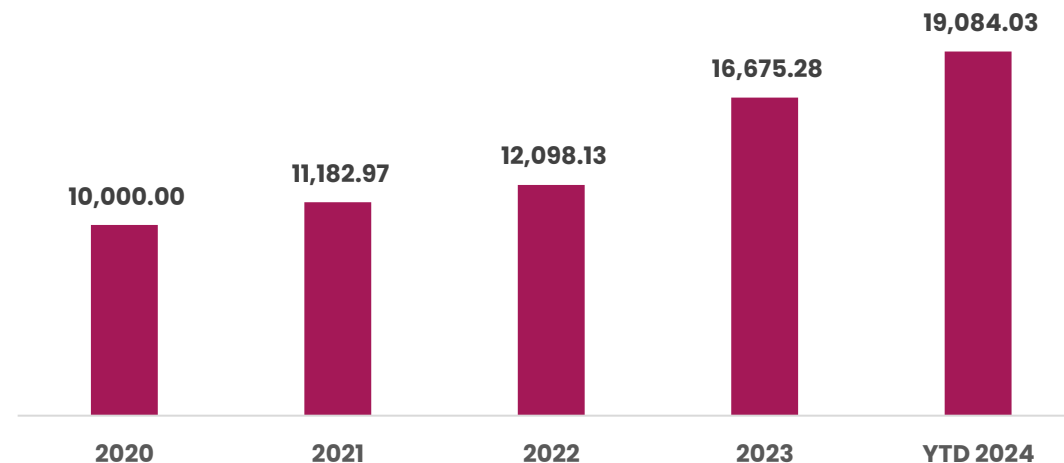
AGGRESSIVE GROWTH FUND



Fund Performance



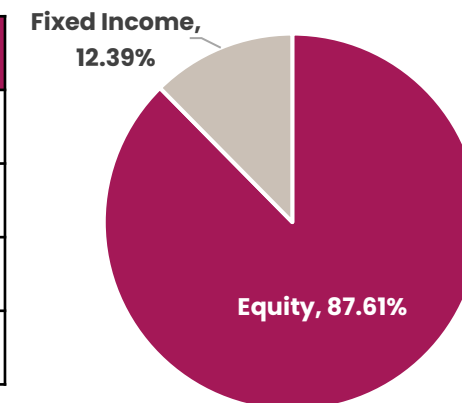
Growth of N10,000 investment from 31/12/2020 to Date



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	18.40%	11.85%	8.34%	40.24%	14.45%	18.66%
Benchmark	39.25%	5.01%	6.98%	51.44%	29.53%	26.44%

Portfolio Analysis	
Portfolio Beta	1.03
Number of Stocks	25
Monthly Relative Returns	-1.29%
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	
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	₦6.41 Billion
Annual Expense Ratio (YtD)	2.14%
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

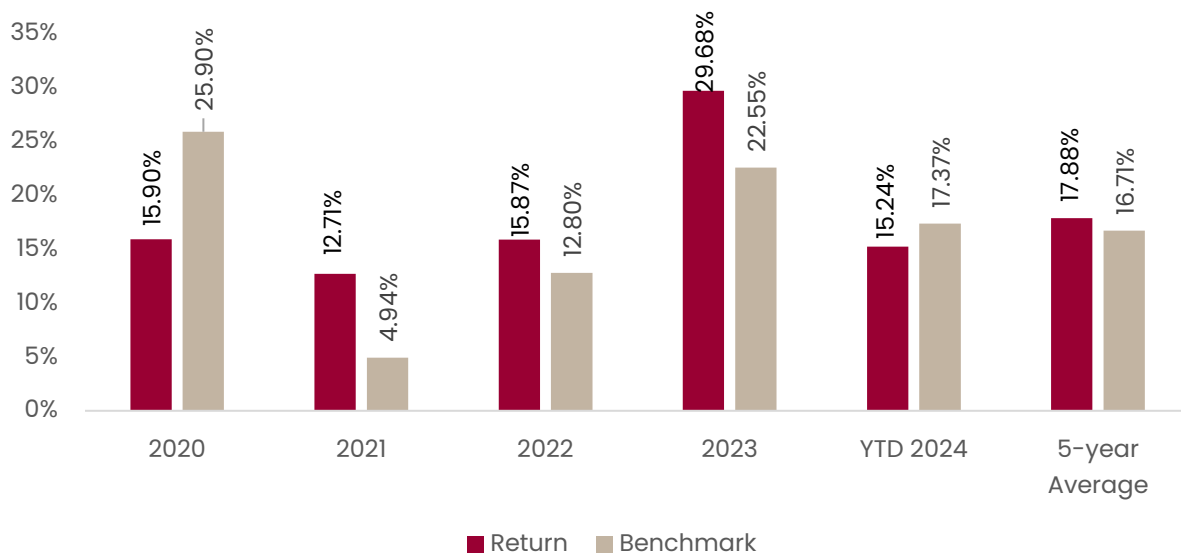
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	20%	OVERWEIGHT
Financial Services	11%	OVERWEIGHT
Telecommunications	9%	UNDERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	13%	OVERWEIGHT
BUACEMENT	7%	OVERWEIGHT
AIRTELAFR	5%	OVERWEIGHT

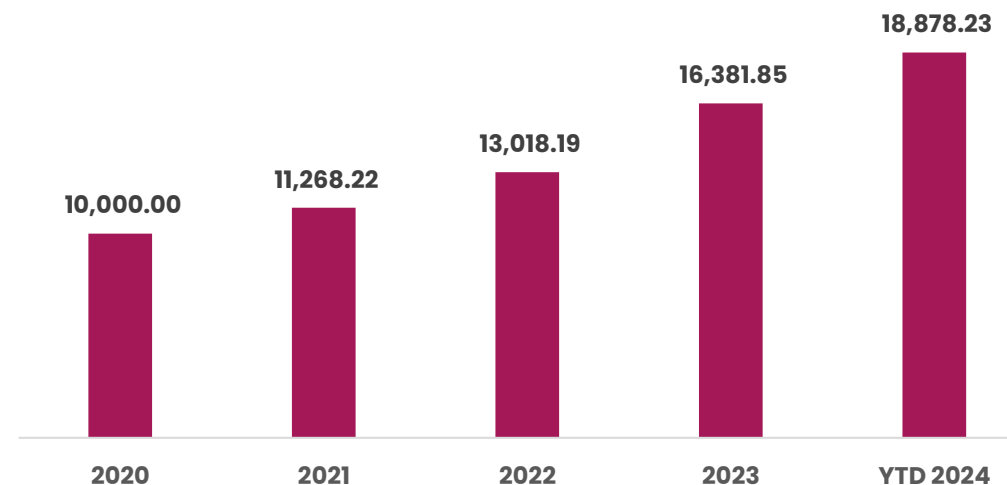
DISCOVERY BALANCE FUND



Fund Performance



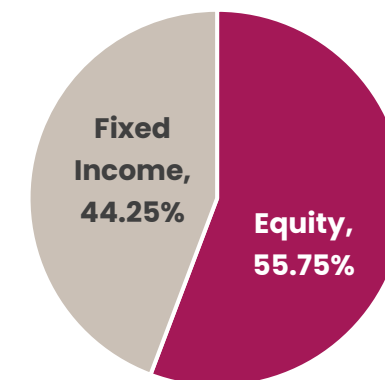
Growth of N10,000 investment since 31/12/2020



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	15.90%	12.71%	15.87%	29.68%	15.24%	17.88%
Benchmark	25.90%	4.94%	12.80%	22.55%	17.37%	16.71%

Portfolio Analysis	
Portfolio Beta	0.97
Number of Stocks	22
Monthly Relative Returns	-1.90%
Dividend Yield (2022)	3.07%

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	19%	UNDERWEIGHT
Industrials	13%	OVERWEIGHT
Telecoms	9%	OVERWEIGHT

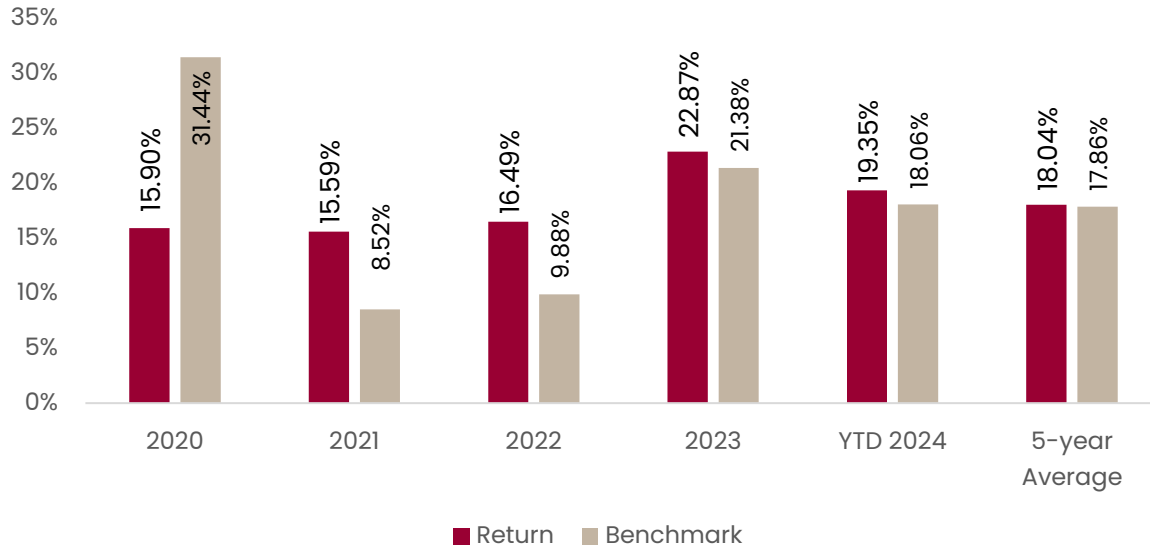
Fund Details	
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Comparable	FMAN List of Ethical Funds
Custodian	Rand Merchant Bank Limited
Trustee	Royal Exchange Plc
Launch Date	2004
AuM	₦942 Million
Annual Expense Ratio (YtD)	2.21%
Management Fee	1.5% of Net Asset Value
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	15%	UNDERWEIGHT
DANGCEM	7%	UNDERWEIGHT
AIRTELAFR	5%	UNDERWEIGHT

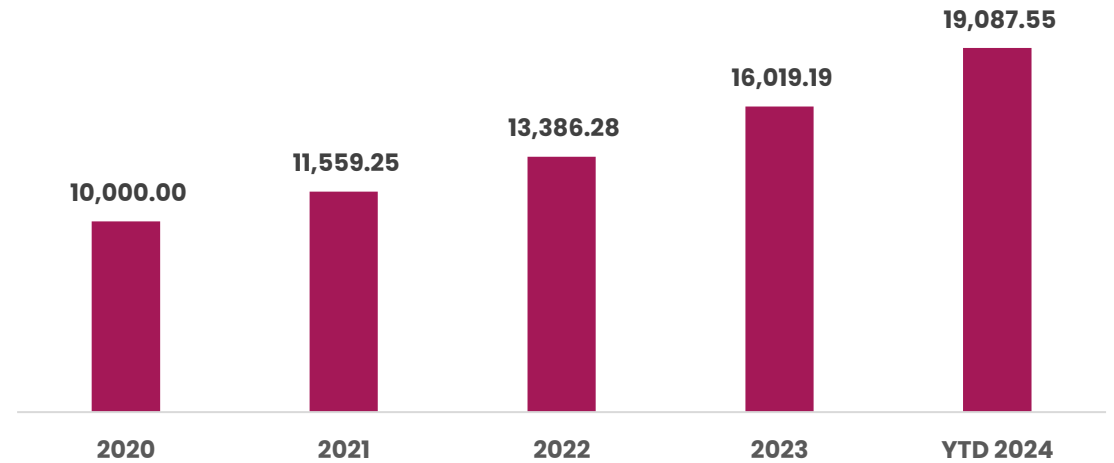
Ethical Fund: Balanced (Shari'ah Based)



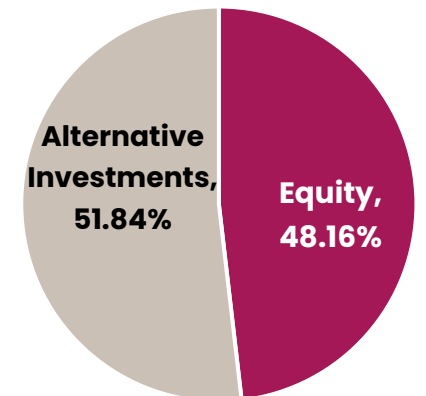
Fund Performance



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



Asset Allocation



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	15.90%	15.59%	16.49%	22.87%	19.35%	18.04%
Benchmark	31.44%	8.52%	9.88%	21.38%	18.06%	17.86%

Portfolio Analysis	
Portfolio Beta	0.72
Number of Stocks	12
Monthly Relative Returns	0.11%
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.

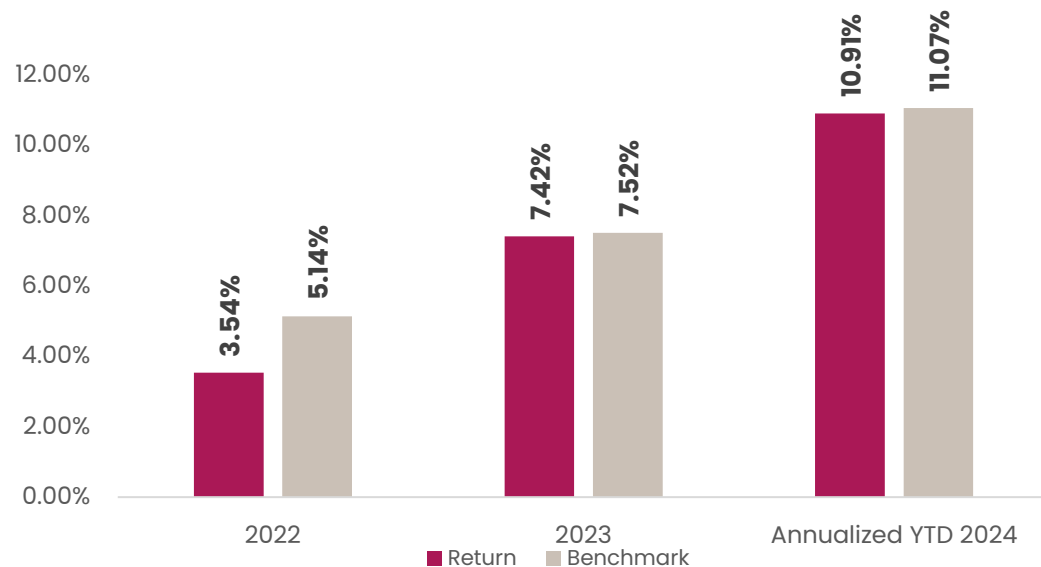
Fund Details	
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Comparable	FMAN List of Fixed Income Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	April 2022
Net Asset Value	₦870.74m
Expense Ratio	2.40%
Initial Investment	₦10,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum 20% of excess returns above benchmark

Portfolio Analysis	
Risk Profile	Medium
Fund Duration	1.46
Holding Yield	15.51%
Dividend Yield (2023)	6.76%

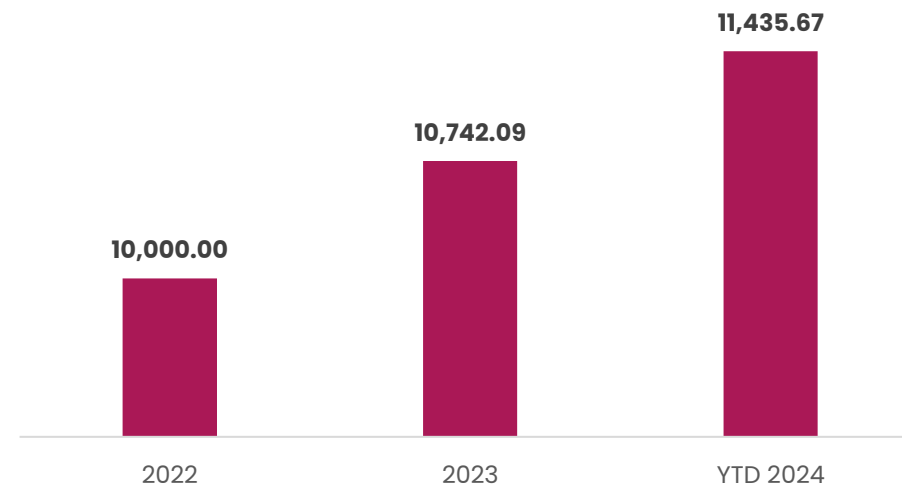
ARM Short-Term Bond Fund



Fund Performance

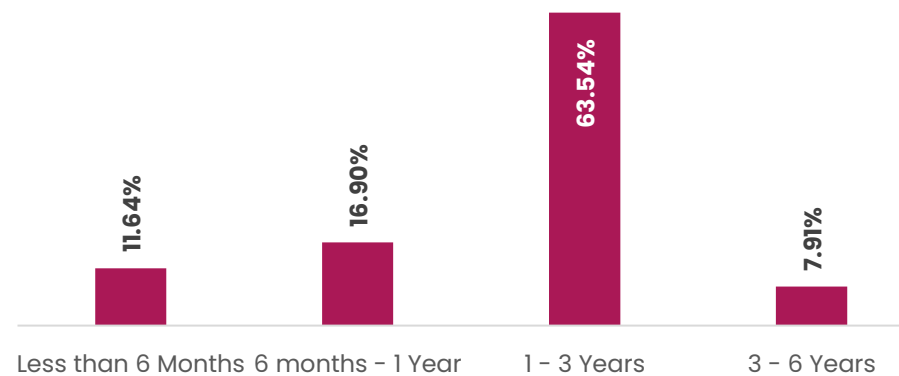


Growth of N10,000 investment since 31/12/22 to Date

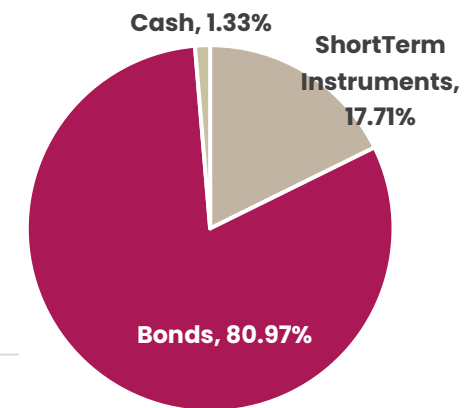


	2022	2023	Annualized YTD 2024
Annual Net Returns	3.54%	7.42%	10.91%
Benchmark	5.14%	7.54%	11.07%

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

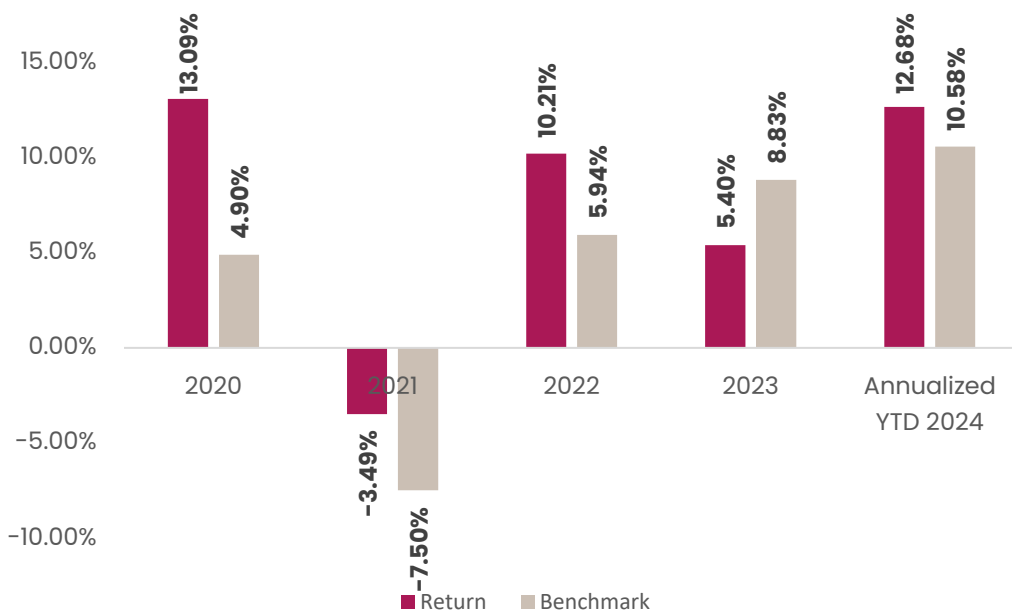
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Comparable	FMAN List of Fixed Income Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	February 2020
Net Asset Value	₦1.40bn
Expense Ratio	2.11%
Initial Investment	₦5,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark

Portfolio Analysis

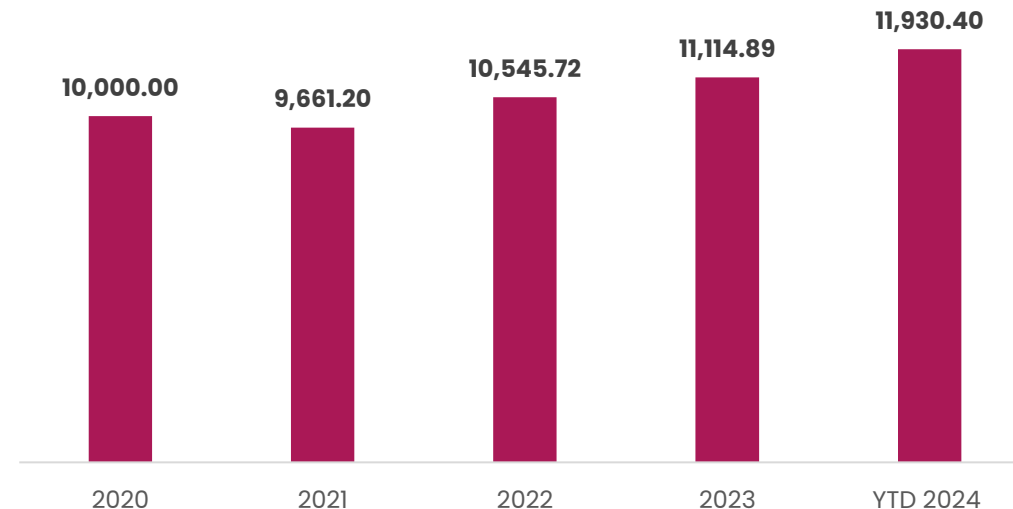
Risk Profile	Medium - High
Fund Duration	2.27
Holding Yield	16.64%
Dividend Yield (2023)	6.78%



Fund Performance

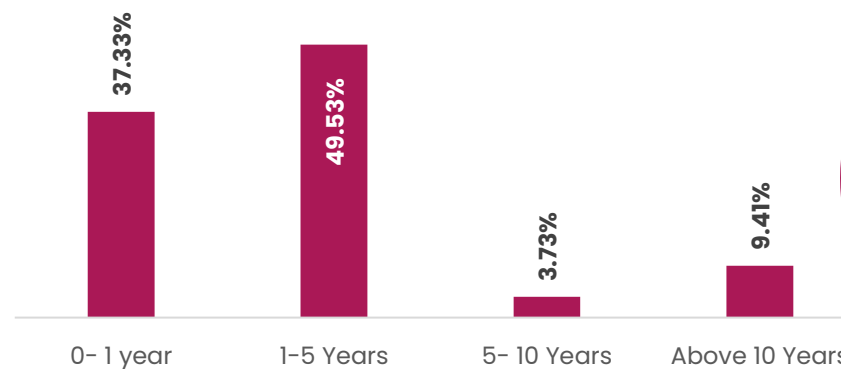


Growth of N10,000 investment since 31/12/20 to Date

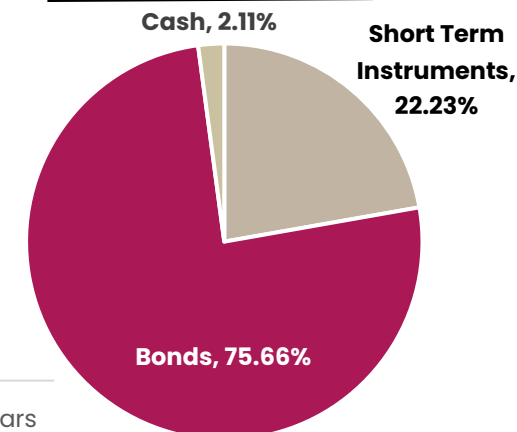


	2020	2021	2022	2023	Annualized YTD 2024
Annual Net Returns	13.09%	-3.49%	10.21%	5.40%	12.68%
Benchmark	4.90%	-7.50%	5.94%	8.83%	10.58%

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

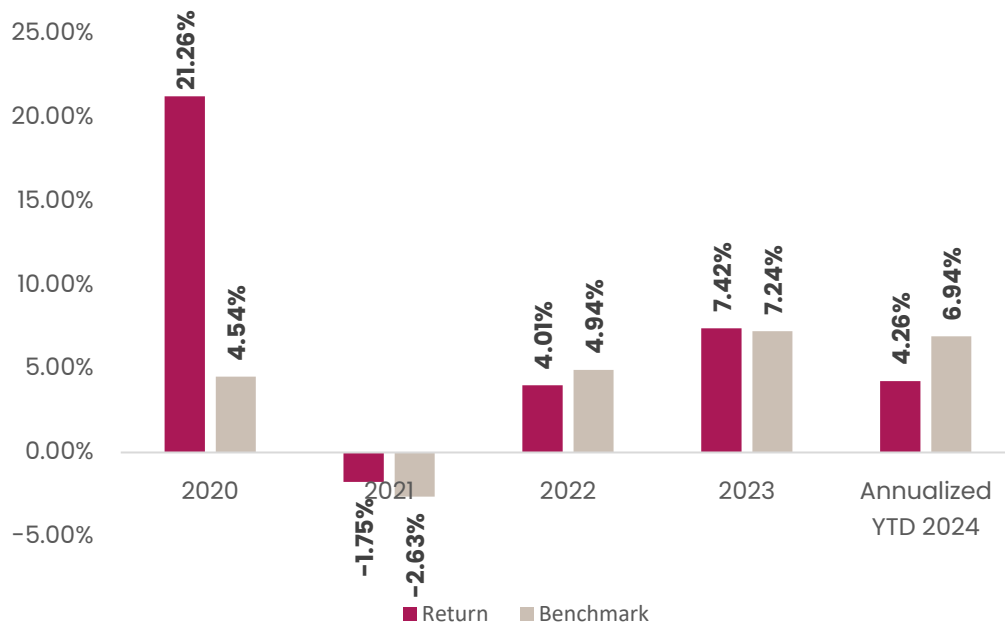
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

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	\$10.95m
Expense Ratio	2.04%
Initial Investment	\$1,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark

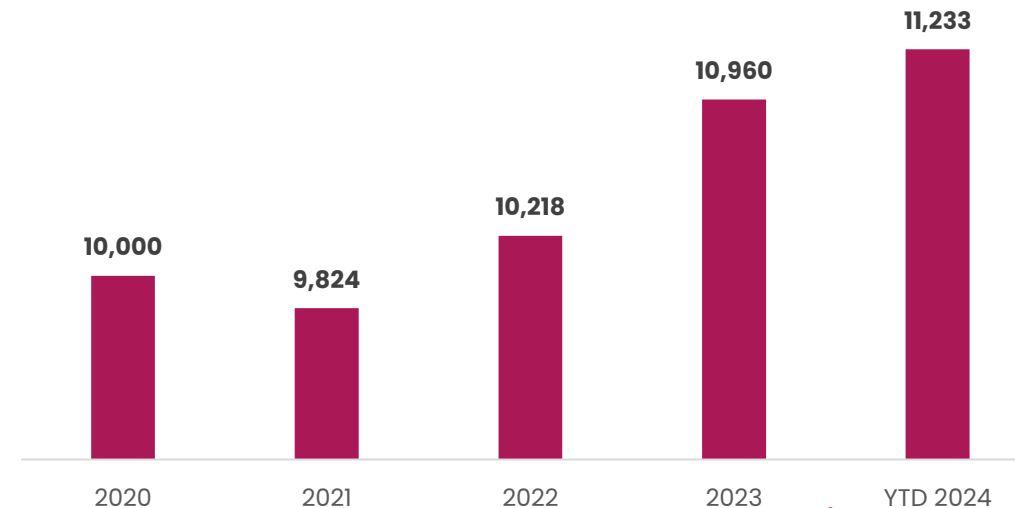
Portfolio Analysis	
Risk Profile	Medium - High
Fund Duration	2.50
Holding Yield	8.94%
Dividend Yield (2023)	6.10%



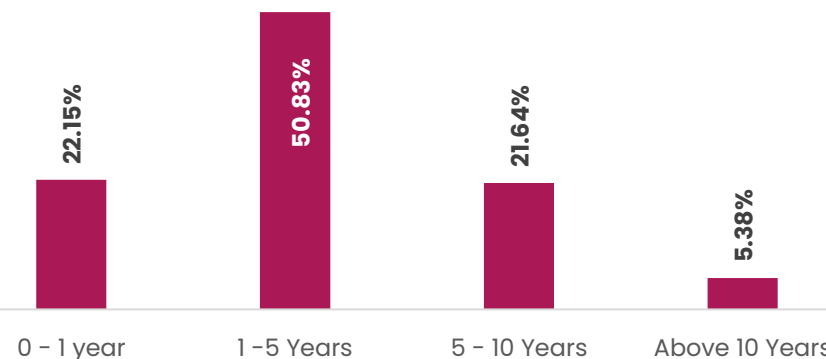
Fund Performance



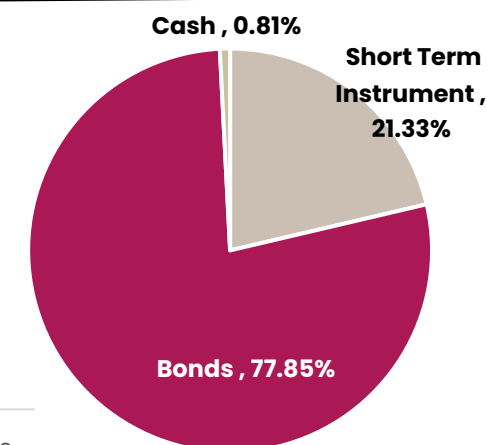
Growth of \$10,000 investment since 31/12/20 to Date



Maturity Profile



Asset Allocation



	2020	2021	2022	2023	Annualized YTD 2024
Annual Net Returns	21.26%	-1.75%	4.01%	7.42%	4.26%
Benchmark	4.54%	-2.63%	4.94%	7.24%	6.94%

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	
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	₦ 94.84 Billion
Annual Expense Ratio (YtD)	2.03%
Minimum 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	76.74 days

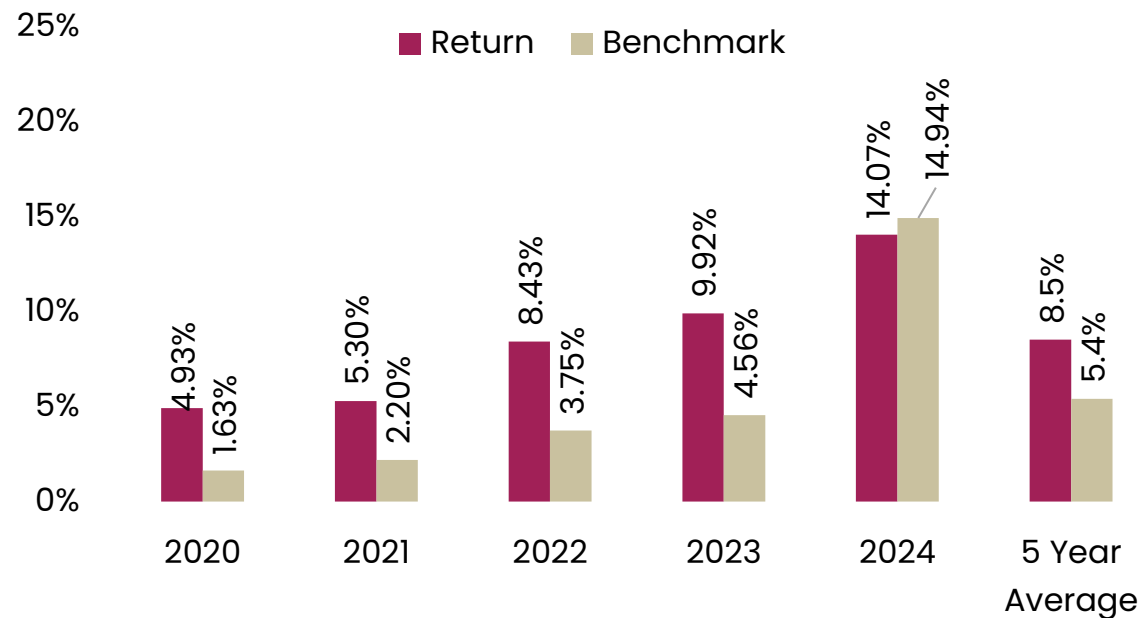
Money Market Fund



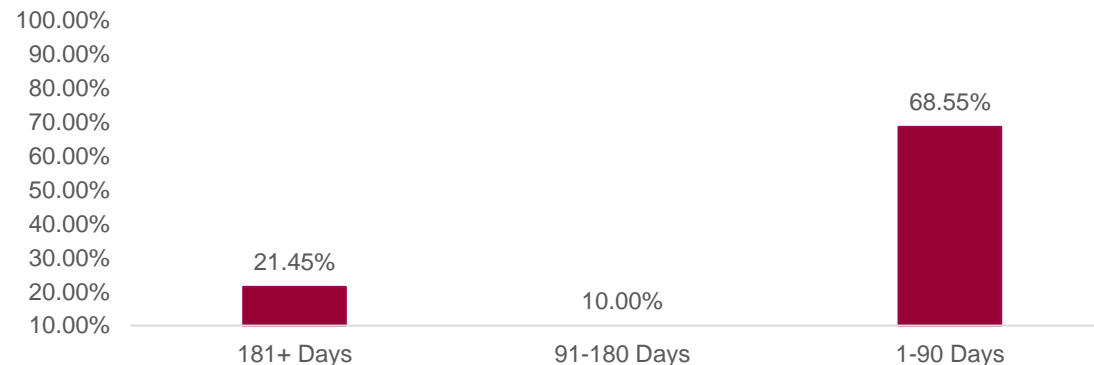
Fund Performance

Maturity Profile

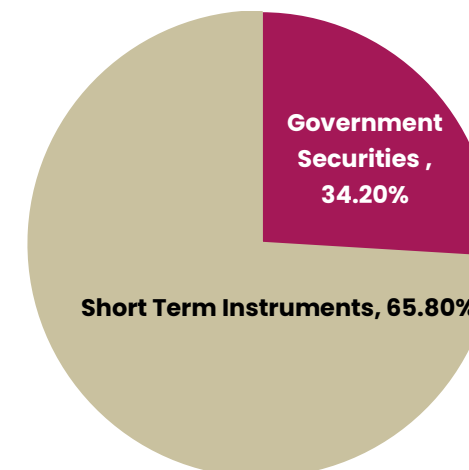
Fund Performance



Maturity Profile



Asset Allocation



	2020	2021	2022	2023	YTD 2024
Annual Net Returns	4.93%	5.30%	8.43%	9.92%	14.07%
Benchmark	1.63%	2.20%	3.75%	4.56%	14.94%

MARKET & MACRO OUTLOOK



GLOBAL MARKETS

In August, we expect a preponderance of action from global monetary authorities. While the likes of United Kingdom are expected to tilt more towards monetary easing, the US is expected to commence rate cuts from September as prices align towards the target levels and job data shows weakness, a precursor to contractions in the economy.

In Asia, we have mixed expectations for the Asian pacific as both China and Japan takes different paths. In Japan, the Bank of Japan (BOJ) is expected to stay hawkish as other advanced economies lean towards a dovish monetary climate. We expect this to support the stability of the Japanese yen. In China, we expect sustained fiscal support as the weak domestic consumption persists.

DOMESTIC MARKETS

EQUITY

The equities market is expected to post a decline in August as the impact of the windfall tax imposed on the 2023 foreign exchange gains of banks, the elevated fixed income rate environment, and the overriding damp in macro conditions slows patronage and in the space.

FIXED INCOME

We expect yields to continue to trend upwards in August 2024 in the domestic fixed income market. The rise in yield is expected to feed off the sustained hawkish rate environment. In the foreign currency bond market, we expect interest to improve as advanced economies commence rate cuts.

Thank You





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