



Macroeconomics & Market Update

August 2024



MACRO ECONOMIC UPDATE



GLOBAL

- The Chinese Manufacturing Purchasing Managers' Index (PMI) expanded in the period as it increased to 50.4pts in August 2024, up from 49.8pts in July 2024.
- In the US, the Producer Price Index (PPI), increased by 0.1% month-on-month (MoM), lower than the consensus estimate of 0.2% MoM. On a year-on-year (YoY) basis, the headline PPI increased to 2.2% in the July, down from 2.7% YoY in June 2024.
- In August 2024, NIKKEI 225 index (-1.16% MoM) and SHCOMP (-3.11% MoM) closed negative, while the S&P 500 (+2.28% MoM), EURO STOXX (+1.75% MoM), NASDAQ (+1.10% MoM) and FTSE (+0.10% MoM) ended the month on a positive note.

DOMESTIC

- In July 2024, Nigeria recorded its first disinflation of the year, with headline inflation slowing by 80 basis points (bps) to 33.40% year-over-year (YoY), down from 34.19% in June. Food inflation decreased by 134 bps to 39.53% YoY, while core inflation rose slightly by 6 bps to 27.47% YoY, up from 27.40% in June. On a month-over-month (MoM) basis, headline inflation slowed to 2.28%, down from 2.31% in June.
- The Nigerian economy grew by 3.19% YoY in Q2:2024 (vs. 2.98% YoY in Q1:2024). The economy's growth was powered by expansion in both the oil sector (+10.15% YoY in Q2:2024 vs. +5.70% YoY in Q1:2024) and non-oil sector (+2.80% YoY in Q2:2024 vs. 2.80% YoY in Q1:2024).
- The Central Bank of Nigeria (CBN) released a circular operationalizing the Standing Lending Facility (SLF) asymmetric corridor and has cut the interest rate on excess deposits by commercial and merchant banks above an initial NGN3.00bn limit to 19.0%, down from 25.75%.
- The Debt Management Office (DMO) issued USD500mn domestic bond in August 2024, the first domestic dollar bond issued by Nigeria. The bond will be listed on both the NGX and FMDQ.

FIXED INCOME

Primary Market

- In August 2024, two Treasury bill auctions offered a total of NGN626.06 billion, up from NGN444.07 billion in July. The average stop rate rose to 19.70%, and the bid-to-cover ratio surged to 2.42x.
- At the August FGN bond auction, the Debt Management Office (DMO) offered NGN190 billion worth of bonds, reopening the APR-2029 (NGN70 billion), FEB-2031 (NGN70 billion), and MAY-2033 (NGN50 billion) instruments. The average stop rate declined to 20.90%, while the bid-to-cover ratio surged to 2.42x. Ultimately, the DMO sold NGN374.75 billion worth of bonds.

Secondary Market

- The Nigerian Fixed Income Market closed August 2024 on a positive note, with the average yield declining by 239bps MoM to 20.08%. Treasury Bills saw average yields rise by 397bps to 21.21%, while FGN Bonds experienced a decline of 80bps MoM, bringing their average yield to 18.96%.

EQUITIES

- The NGX All Share Index (NGX ASI) lost 1.22% MoM to print at 96,580.01 points (vs. July 2024: -2.28% MoM to 97,774.22 points), marking the second consecutive month of negative close. Following this, the NGXASI year-to-date return (YtD) declined further to 29.16% (vs. 30.76% YtD in July 2024).
- In August 2024, the Oil and Gas (+22.39% MoM), Insurance (+11.46% MoM), Banking (+6.96% MoM) and Consumer Goods (+4.30% MoM) sectors closed positive, while only the Industrial Goods sector (-13.06% MoM) closed negative.



Mutual Fund Performance

August 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	₦3.66 Billion
Management Fee	1.5% of Net Asset Value
Annual Expense Ratio (YtD)	2.21%
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%)

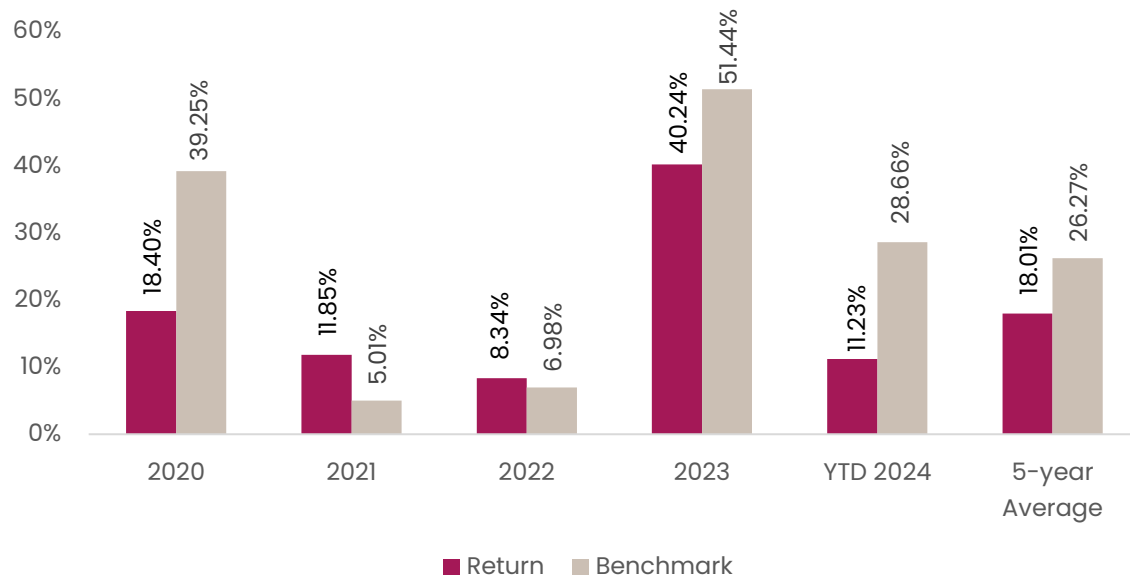
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Industrials	28%	UNDERWEIGHT
Financial Services	28%	OVERWEIGHT
Consumer Goods	22%	UNDERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	23%	OVERWEIGHT
ACCESS	14%	OVERWEIGHT
BUAFOODS	9%	UNDERWEIGHT

AGGRESSIVE GROWTH FUND

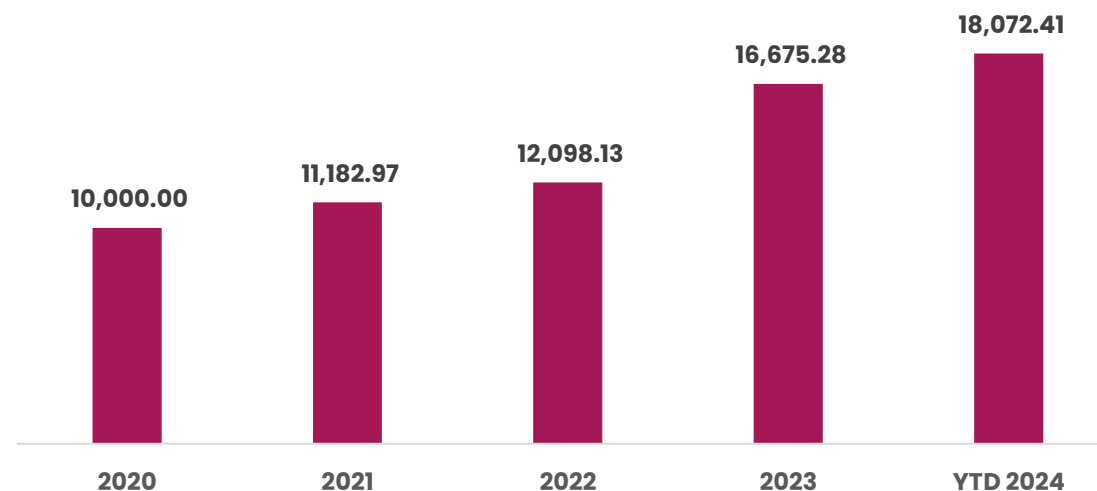


Fund Performance



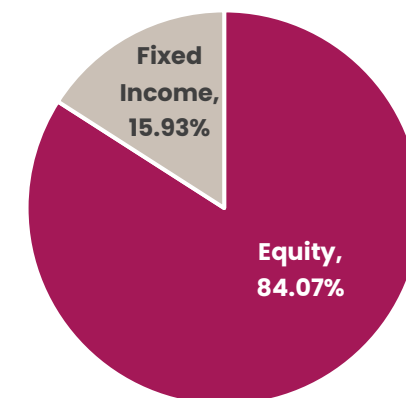
	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	18.40%	11.85%	8.34%	40.24%	11.23%	18.01%
Benchmark	39.25%	5.01%	6.98%	51.44%	28.66%	26.27%

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



Asset Allocation

Portfolio Analysis	
Portfolio Beta	1.06
Number of Stocks	25
Monthly Relative Returns	-1.29%
Dividend Yield (2022)	2.04%



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	₦6.38 Billion
Annual Expense Ratio (YtD)	12.16%
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

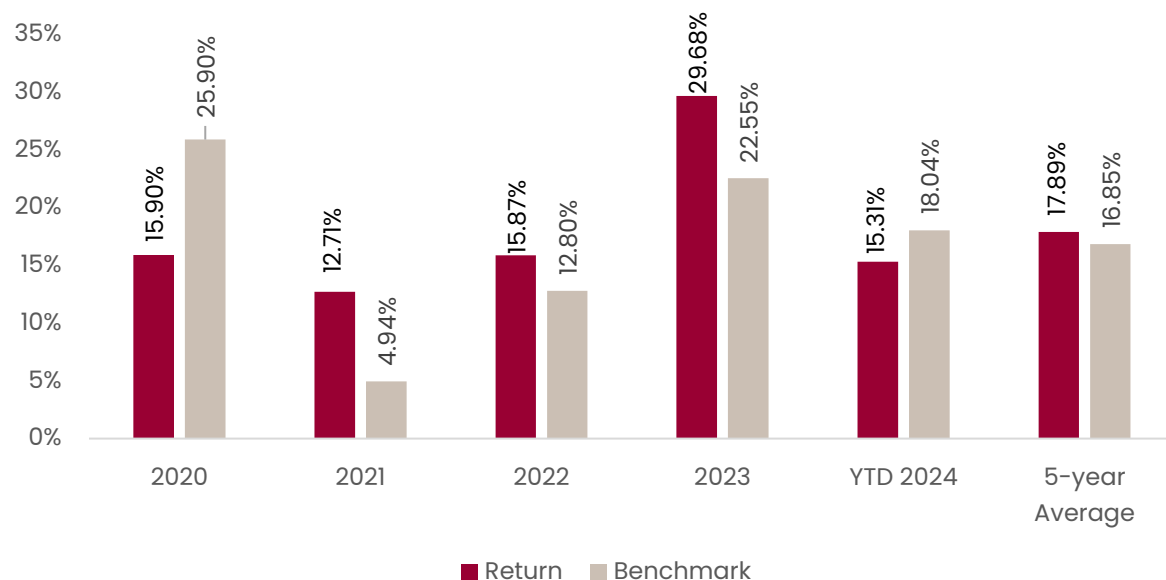
Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Financial Services	23%	OVERWEIGHT
Industrials	16%	UNDERWEIGHT
Consumer Goods	11%	UNDERWEIGHT

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	12%	UNDERWEIGHT
ACCESSCORP	11%	OVERWEIGHT
UBA	6%	OVERWEIGHT

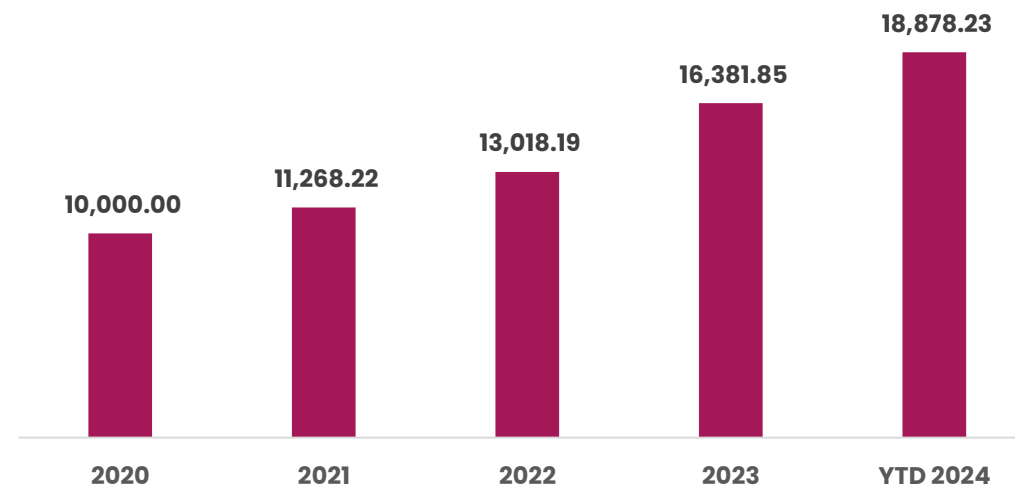
DISCOVERY BALANCE FUND



Fund Performance



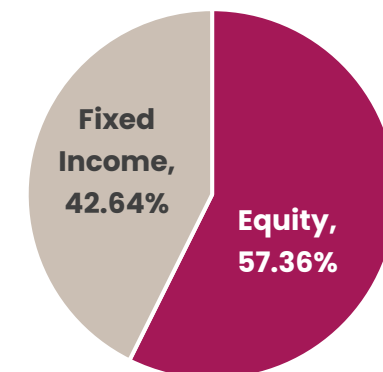
Growth of N10,000 investment since 31/12/2020



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	15.90%	12.71%	15.87%	29.68%	15.31%	17.89%
Benchmark	25.90%	4.94%	12.80%	22.55%	18.04%	16.85%

Portfolio Analysis	
Portfolio Beta	1.10
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	26%	UNDERWEIGHT
Industrials	11%	UNDERWEIGHT
Banking	8%	UNDERWEIGHT

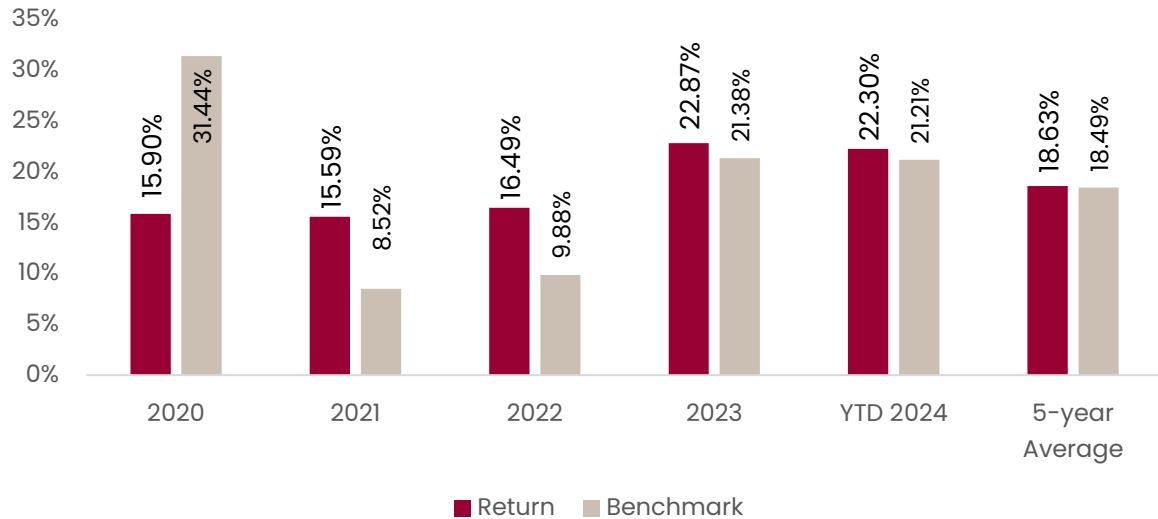
Fund Details	
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Comparable	FMAN List of Ethical Funds
Custodian	Rand Merchant Bank Limited
Trustee	Royal Exchange Plc
Launch Date	2004
AuM	₦981 Million
Annual Expense Ratio (YtD)	2.22%
Management Fee	1.5% of Net Asset Value
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%	OVERWEIGHT
OKOMUOIL	8%	UNDERWEIGHT
DANGCEM	6%	UNDERWEIGHT

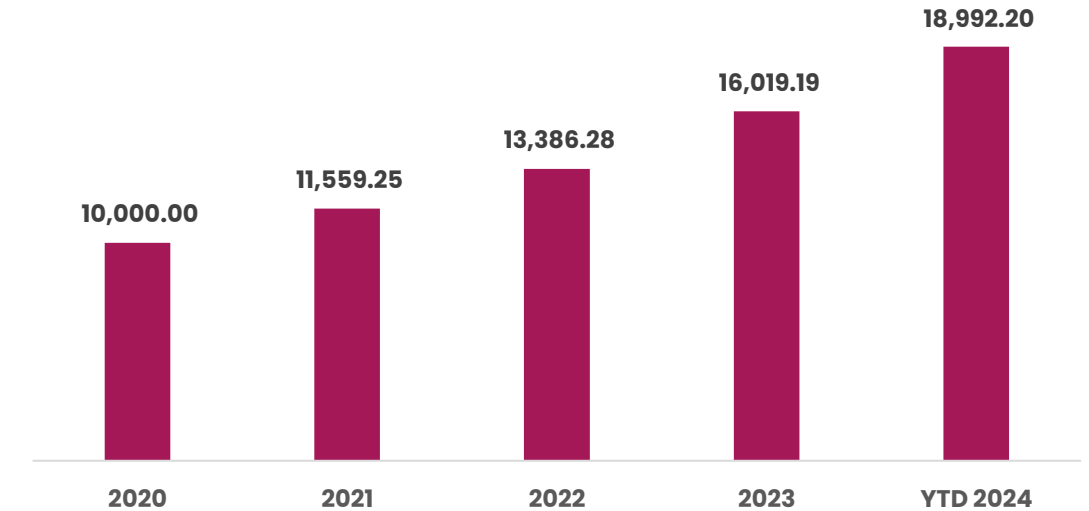
Ethical Fund: Balanced (Shari'ah Based)



Fund Performance



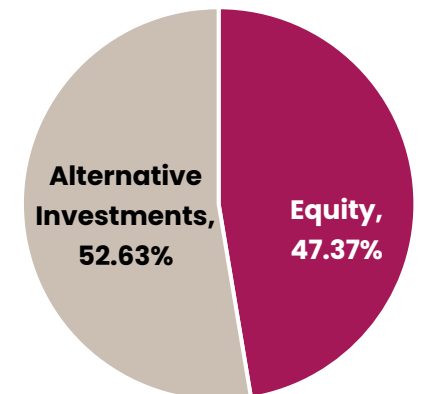
Growth of N10,000 investment since 31/12/2020



	2020	2021	2022	2023	YTD 2024	5 YEAR AVG
Annual Net Returns	15.90%	15.59%	16.49%	22.87%	22.30%	18.63%
Benchmark	31.44%	8.52%	9.88%	21.38%	21.21%	18.49%

Asset Allocation

Portfolio Analysis	
Portfolio Beta	0.74
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.

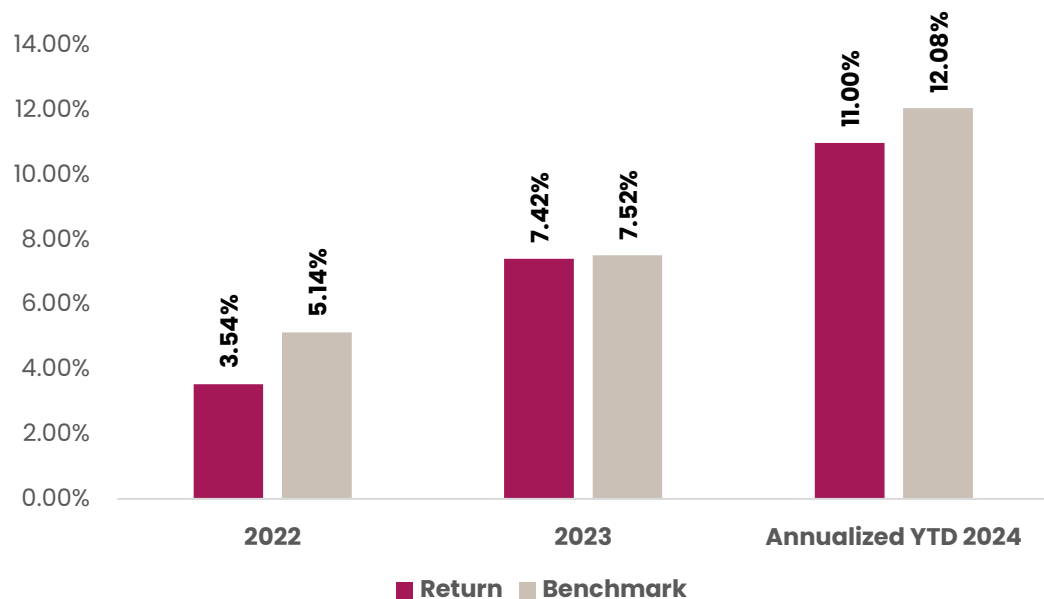
Fund Details	
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Comparable	FMAN List of Fixed Income Funds
Custodian	Rand Merchant Bank Limited
Trustee	STL Trustees Limited
Launch Date	April 2022
Net Asset Value	₦847.44m
Expense Ratio	2.45%
Initial Investment	₦10,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum 20% of excess returns above benchmark

Portfolio Analysis	
Risk Profile	Medium
Fund Duration	1.45
Holding Yield	15.19%
Dividend Yield (2023)	6.76%

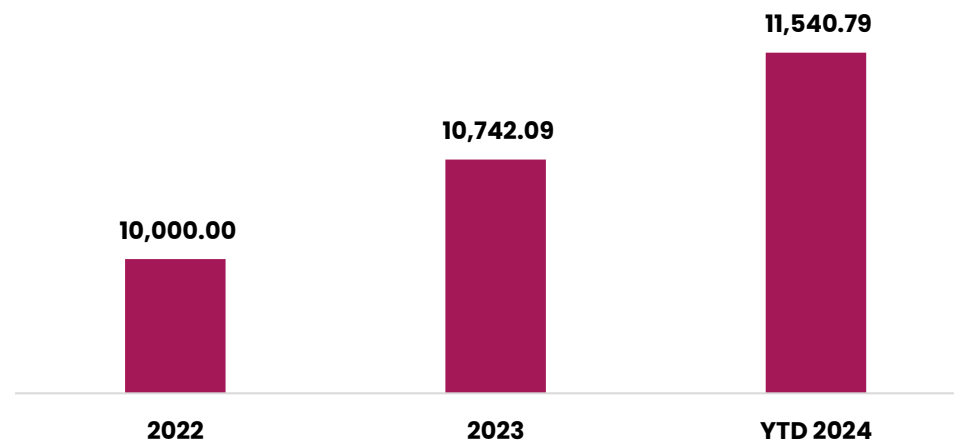
ARM Short-Term Bond Fund



Fund Performance

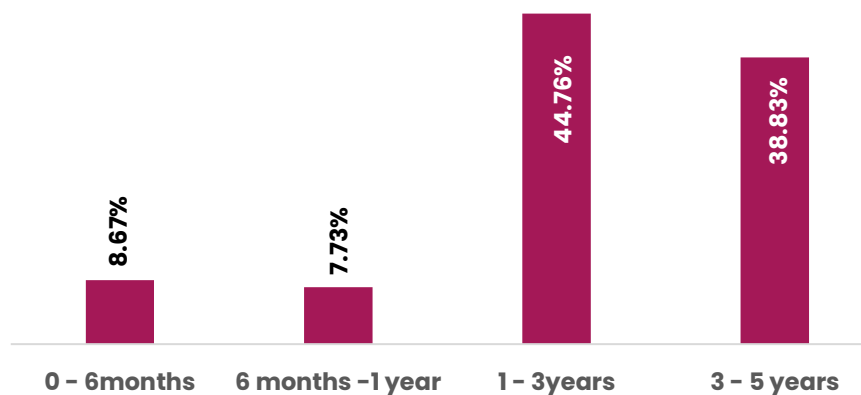


Growth of N10,000 investment since 31/12/22 to Date

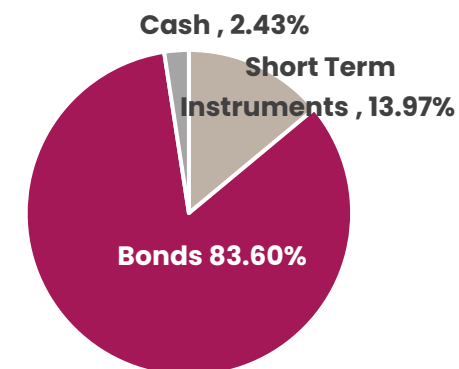


	2022	2023	Annualized YTD 2024
Annual Net Returns	3.54%	7.42%	11.00%
Benchmark	5.14%	7.54%	12.08%

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	₦1.41bn
Expense Ratio	2.14%
Initial Investment	₦5,000.00
Management Fee	1.5% of Net Asset Value
Incentive Fee	Maximum of 20% of excess returns above benchmark

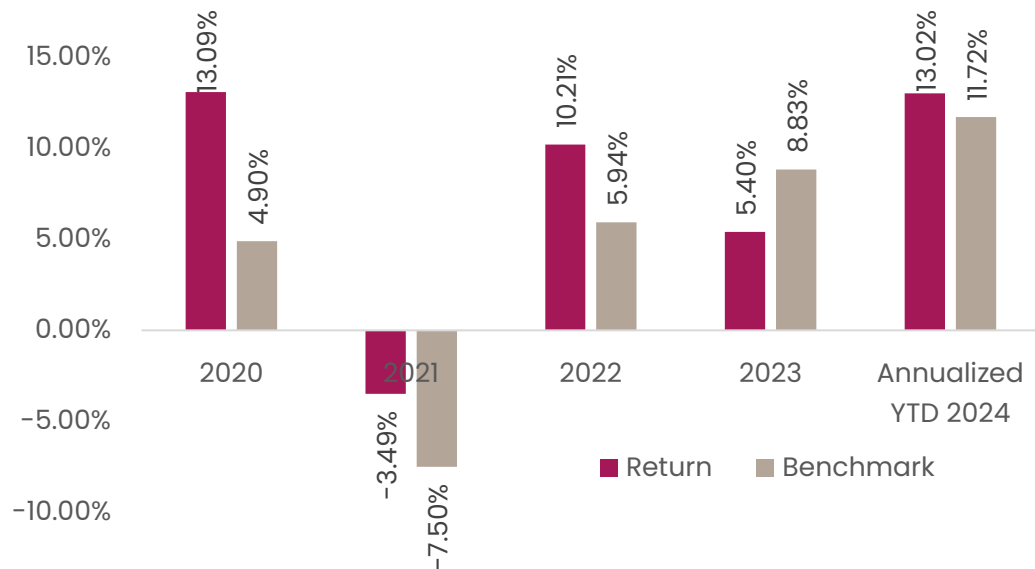
Portfolio Analysis

Risk Profile	Medium - High
Fund Duration	2.21
Holding Yield	16.63%
Dividend Yield (2023)	6.78%

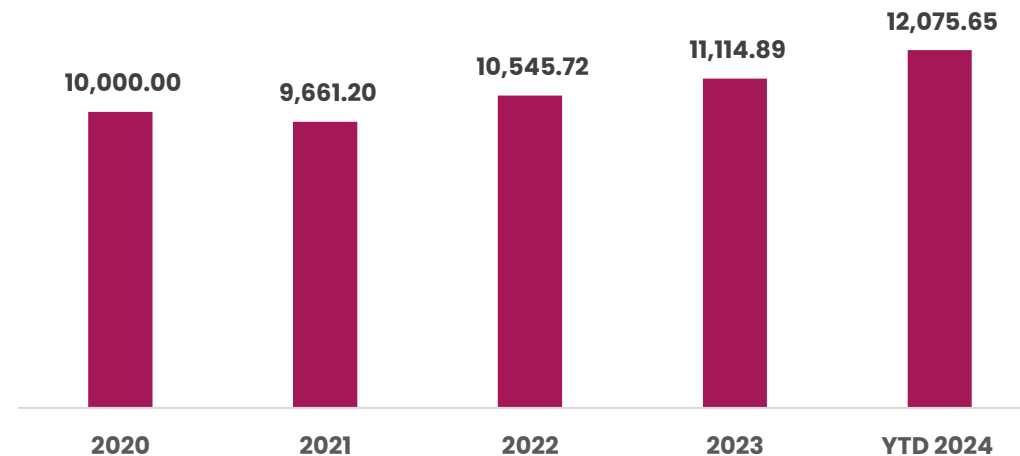
ARM Fixed Income Fund



Fund Performance

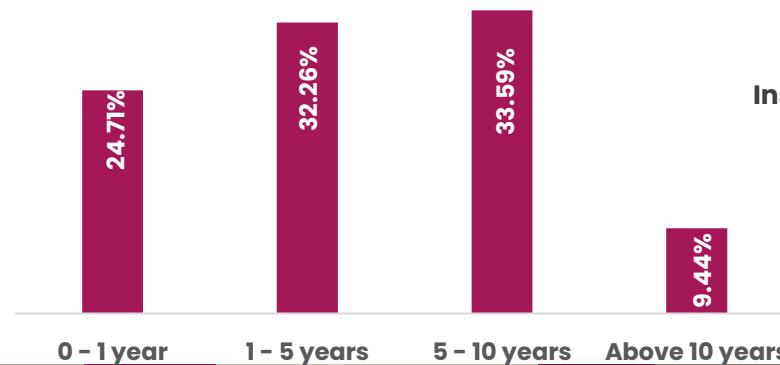


Growth of N10,000 investment since 31/12/20 to Date

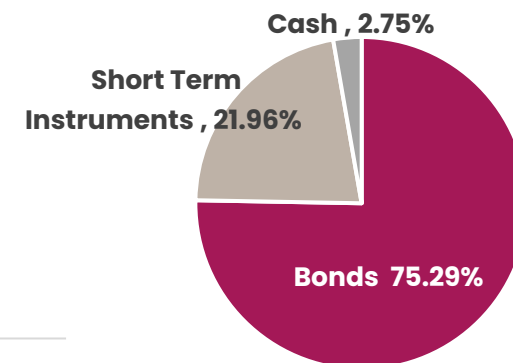


	2020	2021	2022	2023	Annualized YTD 2024
Annual Net Returns	13.09%	-3.49%	10.21%	5.40%	13.02%
Benchmark	4.90%	-7.50%	5.94%	8.83%	11.72%

Maturity Profile



Asset Allocation



Invested in your tomorrow

ARM Eurobond Fund



FUND STRUCTURE

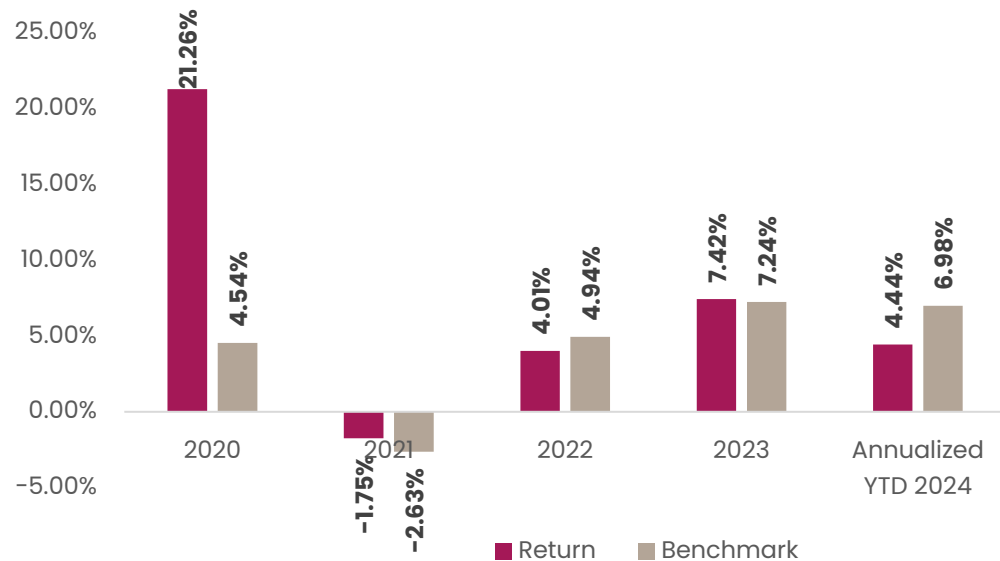
The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and a maximum of 100% in bond instruments.

FUND OBJECTIVE

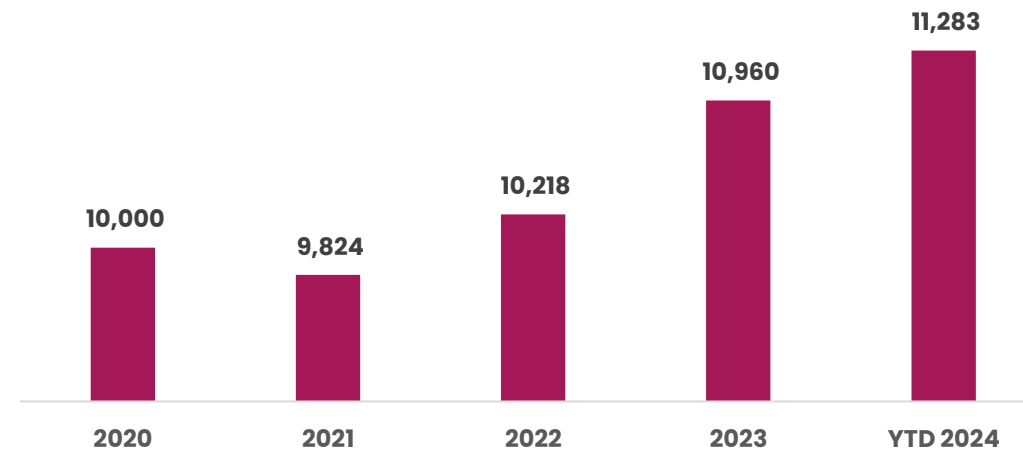
The main objective of the fund is to help investors achieve their long-term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

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	\$11.05m
Expense Ratio	2.02%
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	8.92%
Dividend Yield (2023)	6.10%

Fund Performance

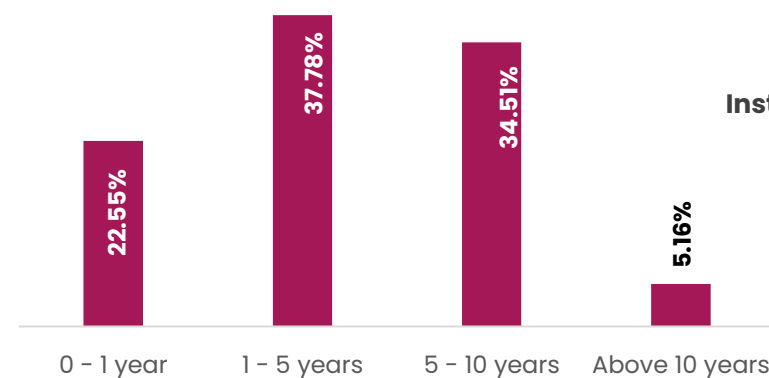


Growth of \$10,000 investment since 31/12/20 to Date

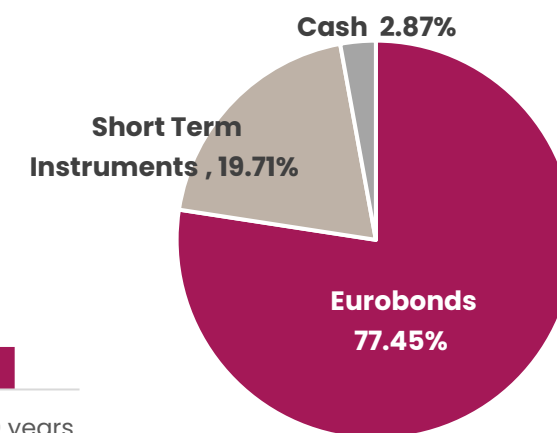


	2020	2021	2022	2023	Annualized YTD 2024
Annual Net Returns	21.26%	-1.75%	4.01%	7.42%	4.44%
Benchmark	4.54%	-2.63%	4.94%	7.24%	6.98%

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

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	₦ 99.00 Billion
Annual Expense Ratio (YtD)	2.02%
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

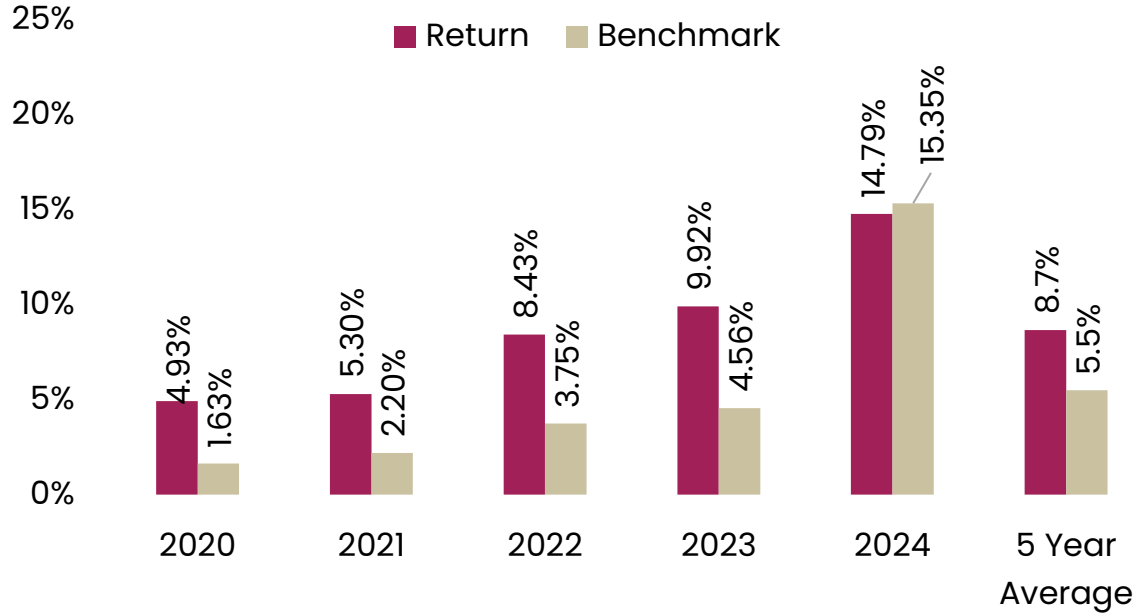
Risk Profile	Low
Fund Duration	73.10 days

Money Market Fund

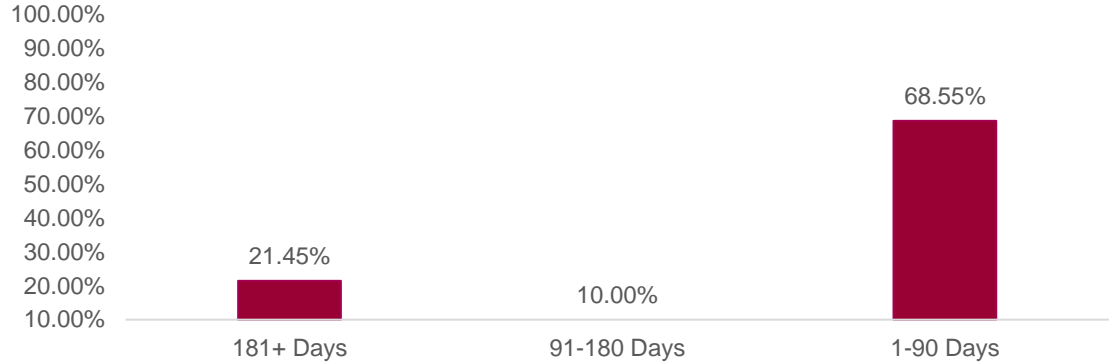
Fund Performance

Maturity Profile

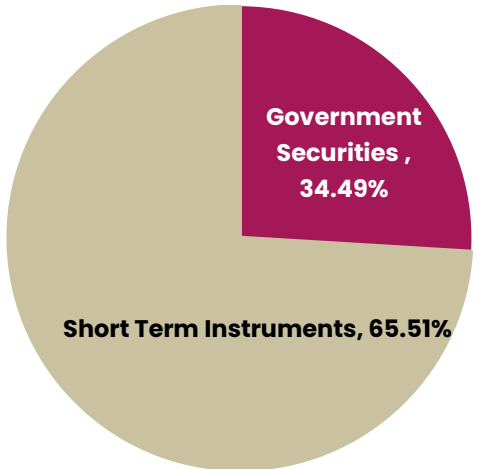
Fund Performance



Maturity Profile



Asset Allocation



	2020	2021	2022	2023	YTD 2024
Annual Net Returns	4.93%	5.30%	8.43%	9.92%	14.79%
Benchmark	1.63%	2.20%	3.75%	4.56%	15.35%

MARKET & MACRO OUTLOOK



GLOBAL MARKETS

In North America, we anticipate improved traction in the capital markets as discussions about potential rate cuts dominate macroeconomic conversations. In the US, we expect a rate cut at the next FOMC meeting, which should boost the equities market and set a positive tone for September 2024.

In September 2024, we anticipate that improved trade figures from China will drive market activity in the space, despite ongoing challenges in the country's real estate sector. Conversely, we expect the Japanese market to experience a further slowdown due to the persisting macroeconomic uncertainties.

DOMESTIC MARKETS

EQUITY


In September, we expect continued profit-taking as investors continue to lock in gains. Nonetheless, we envisage that positive sentiment in the Oil and Gas sector and renewed interest in Banking should overpower the negatives from the action. Overall, we expect the market to close on a positive note.

FIXED INCOME

In September, we anticipate that factors such as financial system liquidity and the MPC's decision will influence market direction. Considering these elements, we expect a sustained slowdown in yields.



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