

FACT SHEET

July 2017

FUND'S OBJECTIVE

The ARM Discovery Fund's investment objective is to provide capital growth primarily through investments in equity, real estate and fixed income securities in the Nigerian market. The Fund Manager maintains a minimum equity position of 40% and a maximum of 75%. It is not the objective of the Fund to replicate the performance of the Nigerian equity market; rather, it has a primary objective to deliver real returns over the long term.

FUND'S INVESTMENT STRATEGY

The Fund seeks to maximize return by investing in a broad spectrum of assets classes that comprises of equities, fixed income and real estate. The Fund's aims at deriving long term value through selecting assets with intrinsic value, through exhaustive research that combines a top bottom macroeconomic review and bottom up security selection.

The Fund is suitable for investors with moderate risk tolerance level and requires regular income. It's appropriate for investors with a near to long term investment horizon of at least three to five years.

BENCHMARK

The Fund has a composite benchmark comprising 60% Nigerian Stock Exchange All Share Index (NGSEASI) and 40% one year average Treasury Bills yield.

MARKET REVIEW

Equities

- In the fourth consecutive month of positive performance, the NSEASI grew 8.24% over the month of July.
- Improvements in the Cement (+9.44%), Food and Beverage (11.50%) Banking (+10.07%), Consumer and Personal Care (4.05%), Breweries (+3.01%), Insurance (1.26%), and Oil & Gas (-0.30%) sectors, offset negative performance from the Real Estate (-0.14%) and Construction (-2.74%) sectors.
- The equity market rally over the month of July continues to reflect ongoing liquidity renaissance in the currency market due to the introduction of the I & E Window (IEW) as well as recovery in crude oil prices and production, and improvements in the macroeconomic backdrop of the markets – in particular, currency stability and moderating inflation.

Fixed Income

- In July, average yields on the Naira curve stayed flat at 18.52%. On the short end, yields inched 3bps lower as rates on the long end of the curve stayed unchanged.
- Yield resilience is surprising given the trend in drivers – increased average daily system liquidity (N265 bn, +7% MoM) and the reduction in overnight lending rates (38% to 19%).
- In the near term, following the conclusion of the MPC meeting where rates remained unchanged, we see limited scope for an alteration of the apex bank contractionary drive. Though we still see some room for further inflationary moderation in 2017, though we expect this impact to taper off in August.
- The CBN continued to highlight the need to maintain the status quo as the new FX window finds a level.
- Our strategy remains the same, we continue to take advantage of the attractive rates presently available. By rolling over near maturity holdings into longer duration instruments, we expect to hedge against further drops in rates.

KEY FACTS:

- Launch Date:** January 1995
- Memorandum listing:** April 2002
- Size of Fund:** ₦4.2billion
- Initial Investment Amount:** ₦10,000.00
- Management Fee:** 1.5% of NAV
- Incentive Fee:** 20% of Return in excess of 10% annually
- Benchmark:** NSE/T Bill Composite Index
- Trustee:** First Trustees Nigeria Limited, a subsidiary of FBN Capital Limited.
- Registrars:** First Registrars Limited

Asset Allocation	
Equities	40% - 75%
Real Estate	0 - 30%
Fixed Income	25% - 60%
Cash	0 - 5%

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