

# FACT SHEET

August 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

- NSEASI performance was negative for the first time in five months, falling by 0.96% over the month of August.
- The market showed improvements in the Food and Beverage (+16.51%), Breweries (+8.23%) Personal Care (+6.36%) and Real Estate (+0.44%) sectors, while the Oil & Gas (-19.10%), Cement (-7.72%), Construction (-6.67%), Insurance (-1.07%) and Banking (-0.90%) sectors performed negatively, offsetting positive performance.
- With much of value created by the bear market repatriated we see limited potential for further upside. We continue to seek fundamentally attractive companies to invest in while remaining cautious of the fact that not a lot has changed in macro-fundamentals.

### Fixed Income

- In August, average yields on the Naira curve rose to 18.58%. On the short end, yields increased by 27bps as rates on the long end of the curve also rose by 20bps
- The change in yields is in accordance with the trend in drivers – reduction in average daily system liquidity (N135 bn, -48% MoM) and the increased overnight lending rates (19% to 27%).
- 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. Although, there is still room for further inflationary moderation in 2017, though we expect this impact to taper off before the end of the year.
- The CBN continues 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%

## Contact Details

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