

MACROECONOMIC UPDATE

GLOBAL

- The year 2021 started on a bullish note as the global rollout of vaccinations and the talks around further stimulus progressed. In the US, the Democrat-sweep in the Georgia run-off Senate elections reignited the blue-wave rally, with expectations for a larger stimulus package. However, vaccine supply concerns and rising coronavirus cases emphasizes that Covid will remain a risk in 2021.
- Despite a strong start to the month, global equity markets eventually gave up their gains as January came to a close. Developed Market Equities were down -1.0%, while Emerging Market equities (+3.1%) – supported by China’s strong market momentum. China’s economy (+2.3%) was the only economy to report positive growth in 2020. At the close of the month, a surge in volatility from heavily shorted stocks in the US led to the worst performing week since October 2020.

DOMESTIC

- The IMF revised Nigeria’s 2021 growth forecast lower to 1.5% (previous: 1.7%) over renewed Covid concerns. Despite Nigeria’s foreign investment inflows declining 21.2% in 2020 and inflation concerns, the MPC voted to maintain their accommodative stance and retain the MPR at 11.5%, citing the need to mitigate the economic impact of the virus.
- Nigeria’s PMI (50.7) hit a six-month low in January, with the rise in input costs moderating expansions in output and purchasing activity. The reading above the baseline of 50 indicates an expansion but at the softest rate since July. Headline Inflation (+86bps) surged to 15.75% in December – its highest levels since 2017 – spurred primarily by the rise in food inflation (+126bps).

FINANCIAL MARKET UPDATE

EQUITIES

- The Nigerian equity market picked up where it left off last year, ending the first month of the new year on a positive note. The NSE ASI has now recorded it seven consecutive months of positive return, with a monthly return of +5.32% in January 2021.
- Bullish sentiments in the market continued to be driven by strong financial system liquidity amidst the low interest rate environment. Also, better than expected unaudited full year earnings results of some companies spurred optimism. Investors took position in bellwether stocks ahead of dividend announcements.
- The performance was mainly driven by gains in WAPCO (+42.52%), ARDOVA (+40.22%), FLOURMILLS (+33.46%), SEPLAT (+21.80%), DANGSUGAR (+20.74%), NB (+12.50%) and ACCESS (+10.06%).

FIXED INCOME

- The market saw a reversal of the bullish trend experienced in 2020 as yields increased at both the primary and secondary market in January.
- In the NTB space, average NTB yields increased by 57bps and 18bps at the primary and the secondary markets to 1.14% and 0.54% respectively while in the secondary market, longer maturing NTB yield rose by 41bps, and shorter dated Bills by 22bps.
- A similar trend was seen in the Bonds market where average secondary yield rose by 183bps month-on-month to 6.69% from 4.85%. This was due to sell offs across the entire curve, but particularly at the mid-end of the curve which saw yield rise by more than 200bps. Demand was strong at the January Bond auction, as the N150bn offered was oversubscribed 1.59x. Due to the oversubscription, average stop rate rose 158bps to 8.56% from 6.97% in the previous month.
- In the Eurobonds market, mixed factors such as uncertainties surrounding the rollout of Covid-19 vaccines, oil price rally, mixed economic data releases (GDP, job-data), US stimulus package expectations amongst others, drove market volatility in January. Average yield contracted marginally by 19bps across the entire curve as investors favoured short term sovereign and corporate papers over building duration. The liquidity level which increased given NIGERIA 2021 sovereign bond maturity is expected to moderate given the proposed 5-year Ecobank Nigeria Eurobond issue announced late in the month.

ARM MONEY MARKET FUND

MONEY MARKET

Market liquidity at the beginning of the month was estimated at N146.4bn with OBB and Overnight rates at 1.00% and 1.50% respectively. Liquidity further rose as high as N1.26trn within the month and later thinned out following liquidity withdrawals for FX retail and CRR debits by the CBN estimated at N601bn. OBB and Overnight lending rates however increased to 10.50% and 11.00% respectively following a reduction in system liquidity to N115.35bn at the end of the month.

In the NTB space, secondary market activities were limited due to scarcity of papers although demand sentiments were seen from local investors seeking to re-invest idle funds from maturities. As demand for treasury bills relative to the supply remained elevated, rates remained low even with the slight increase in the stop rates at the auctions held during the month.

Stop rates at each auction rose from levels printed at the previous one by 5bps, 30bps and 50bps across tenors. At the last auction of the month held on the 27th January, stop rates closed at 0.55%, 1.3% and 2% from previous levels of 0.50%, 1.00% and 1.50% on the 91-, 182- and 364 day bills respectively. The CBN fully allotted N181.9bn comprising N11.3bn, N47.4bn and N123.1bn across the instruments.

In the bond market, yields were largely bearish as buy interest remained weak resulting in the consistent drop in bond prices across the curve. For the little demand seen, investors pushed for higher yields to take advantage of market sentiments. Yields rose by an average of 155bps month on month on the 2035 and 2045 papers.

FUND STRUCTURE

The ARM Money Market 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 Securities & Exchange Commission (SEC).

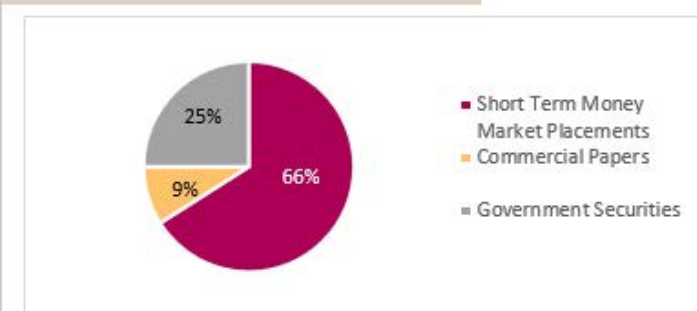
FUND OBJECTIVE

The primary objective of the Fund is to provide a steady stream of income to investors by investing 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

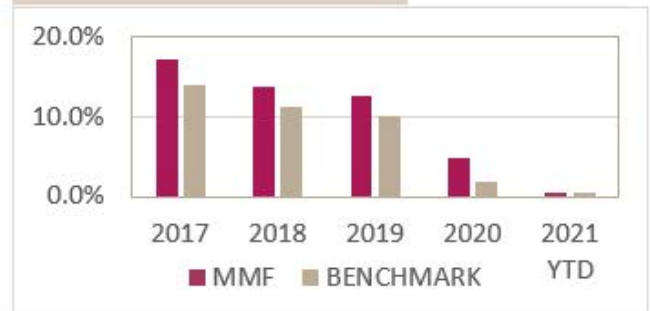
KEY FACTS

Launch Date	March 2013
Size of Fund	N81Billion
Initial Investment Amount	N1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average Yield on 91-Day Treasury Bill (NTB) primary auction stop rates
Trustee	First Trustees Nigeria Ltd, a subsidiary of FBN Capital Ltd.

FUND ASSET ALLOCATION



FUND PERFORMANCE





ARM AGGRESSIVE GROWTH FUND

FUND STRUCTURE

The ARM Aggressive Growth Fund is an open-ended investment vehicle sponsored and managed by ARM Investment Managers. A minimum of 75% and maximum of 100% of the Fund is invested in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth 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.

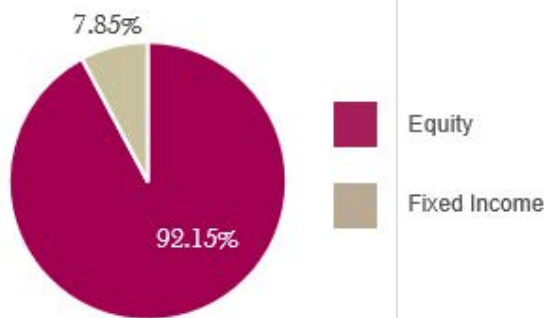
FUND OBJECTIVE

The mix of assets in the Fund is aimed at providing investors with high risk appetite with long term capital growth.

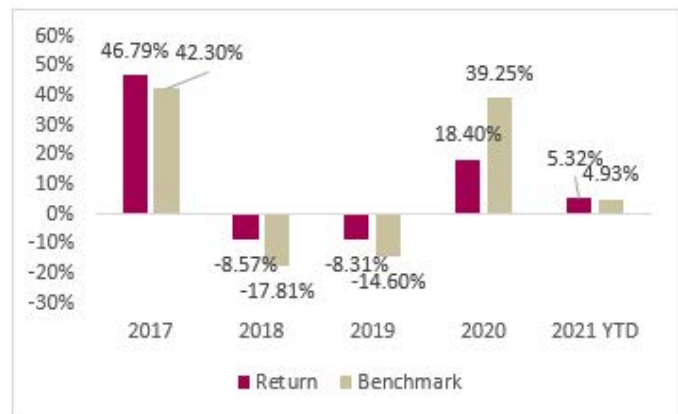
KEY FACTS

Launch Date	APRIL 2014
Size of Fund	N2.2Billion
Memorandum Listings	2008
Initial Investment Amount	N50,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Nigerian Stock Exchange 30 Index (NGSE30)
Trustee	First Trustees Nigeria Ltd, a subsidiary of FBN Capital Ltd.
Custodian	First Registrars Ltd.

FUND ASSET ALLOCATION



FUND PERFORMANCE



Top 8 Sectorial Allocation

S/n	Sector	Portfolio Weight	Benchmark Weight	
1	Financial Services	88%	18%	Overweight
2	Consumer Goods	80%	12%	Overweight
8	Industrials	15%	88%	Underweight

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ARM DISCOVERY BALANCED FUND

FUND STRUCTURE

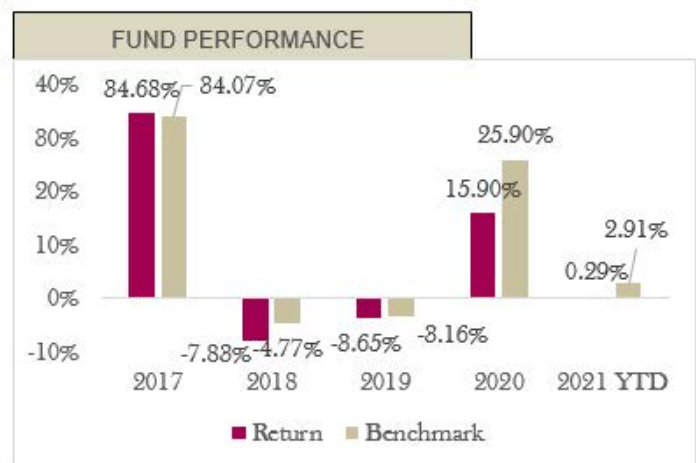
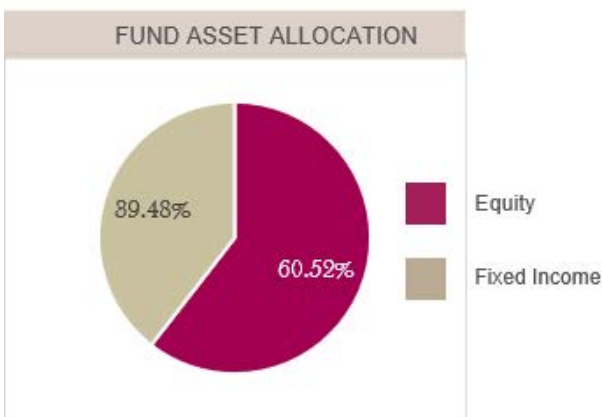
The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate the performance of the Nigerian equity market; rather, it has a primary objective to deliver real returns over the long term. investment objective is to provide capital growth

FUND OBJECTIVE

The Fund aims at delivering long term value and growth through sound security selection of assets with strong fundamental values. The Fund is suitable for investors with moderate risk tolerance level and It's appropriate for investors with a medium to long term investment horizon of at least three to five years.

KEY FACTS

Launch Date	January 1995
Size of Fund	N4.13 Billion
Memorandum Listings	April 2002
Initial Investment Amount	N10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of NSEASI and FMAN 91-day Average T-Bill rate
Trustee	First Trustees Nigeria Ltd, a subsidiary of FBN Capital Ltd.
Registrars	First Registrars Ltd.



Top 8 Sectorial Allocation

S/n	Sector	Portfolio Weight	Benchmark Weight	Allocation
1	Financial Services	82%	18%	Overweight
2	Consumer Goods	26%	12%	Overweight
8	Telecoms	18%	32%	Underweight

ARM ETHICAL FUND

FUND STRUCTURE

The ARM Ethical Fund is an open-ended fund designed to enable ethical investors invest in line with ethical Islamic investment principles the principles of Shari'ah laws will be upheld whilst managing the Fund, specifically the Fund is designed to exclude all forms of "riba or interest" from all its investment operations and prohibits investments in businesses that are inconsistent with Islamic principles, such as gambling, tobacco, alcohol, ammunition, sale or purchase of pork and all forms of adult entertainment

The fund is structured to have an Advisory Board and an Investment Committee with expertise in shariah investing.

FUND STRUCTURE

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:

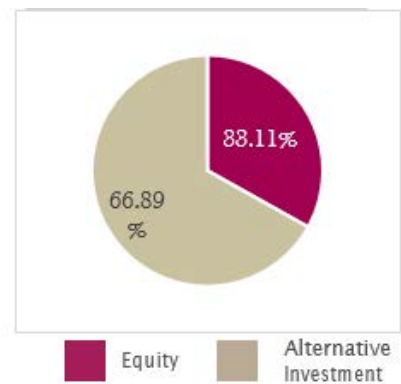
- Wish to achieve long-term capital growth on their investments.
- Have a high investment risk appetite

KEY FACTS

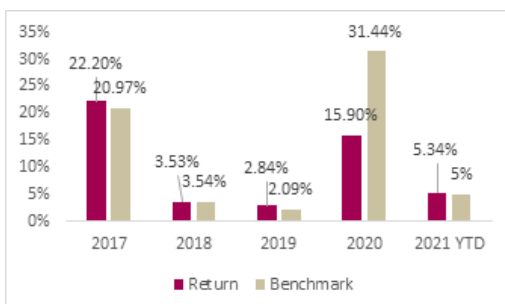
The ARM Ethical Fund is a Shari'ah compliant open-ended Islamic Fund.

Fund Structure	Open Ended
Size of Fund	N369 Million
Nominal Value	N20.00/Unit
Initial Investment Amount	N10,000.00
Financial Year End	31st December
Management Fee	1.5% of NAV
Benchmark	Composite of NSE Lotus Islamic Index and 5-year Sovereign Sukuk Bond
Trustee	Royal Exchange Plc
Registrars	First Registrars Ltd.

FUND ASSET ALLOCATION



FUND PERFORMANCE



Top 3 Sectorial Allocation

S/n	Sector	Portfolio Weight	Benchmark Weight	
1	Consumer Goods	53%	28%	Overweight
2	Industrials	33%	39%	Underweight
3	Agro Allied	13%	3%	Overweight

ARM FIXED INCOME FUND

FUND STRUCTURE

The ARM Fixed Income Fund is an open-ended fund authorised 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).

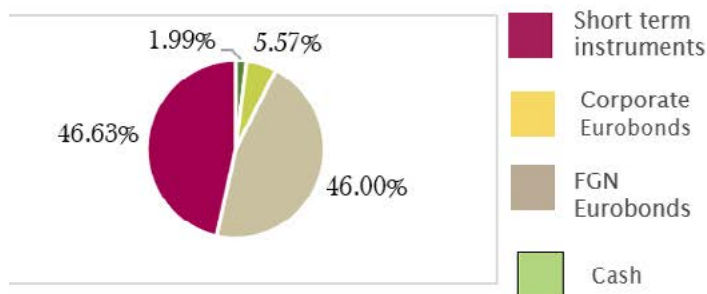
FUND OBJECTIVE

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.

KEY FACTS

Launch Date	February 2020
Size of Fund	N2.6 Billion
Initial Investment Amount	N5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite Index of 3year Nigeria Sovereign Bond and Nigerian Treasury Bills yield
Trustee	STL Trustees Ltd.

FUND ASSET ALLOCATION



FUND PERFORMANCE





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 authorised 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).

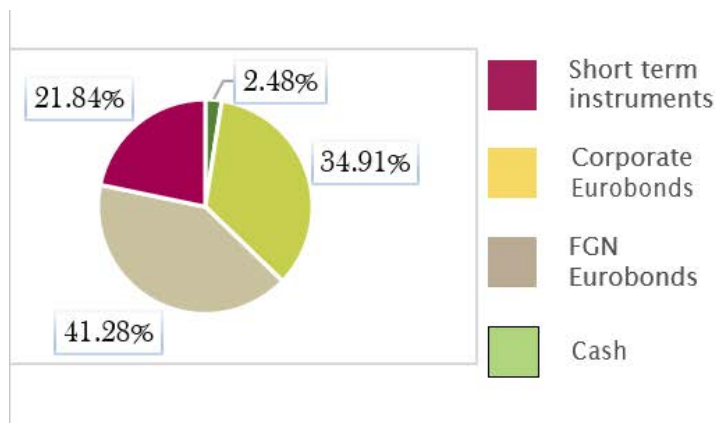
FUND OBJECTIVE

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 Eurobonds hereby managing reinvestment risk.

KEY FACTS

Launch Date	February 2020
Size of Fund	\$14.6 Million
Initial Investment Amount	\$1,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite Index of 3year Nigeria Sovereign Eurobond and US Treasury Bills yield
Trustee	STL Trustees Ltd.

FUND ASSET ALLOCATION



FUND PERFORMANCE





OUTLOOK

EQUITY

We expect the direction of interest rate to remain the main driver of market performance in 2021. In addition, the announcement of full year earnings result and dividends are likely to determine investor's stock picks. Albeit, broad market sentiment is likely to be cautious as investors ascertain the direction of fixed income yields.

FIXED INCOME

The fixed income yield direction is expected to be determined by market forces, rising inflation rate, proposed borrowing by the FG among other factors. Given recent development at the auctions, the direction for yields is northward although liquidity levels may exert downward pressure on yield.

MONEY MARKET

The recent increase in Treasury bills auction rate may force money market yields to increase marginally. However, the demand for money market instruments would remain elevated, thereby making a case for lower rate environments for money market securities.



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