

# FACT SHEET

July 2020

## FUND STRUCTURE

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 INVESTMENT OBJECTIVE

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

- The equity market returned +0.88% in July 2020 (-8.00% YTD), rebounding partially after the negative performance recorded in June. The performance was largely driven by gains in Wapco (+18%), Dangcem (+12%) and AirtelAfrica (+6%).
- Trading activities began the month on a bearish note. However, due to buoyant financial system liquidity, investors sought to invest idle funds in the equities market.
- The performance was supported by gains in the Cement (+8.83%) and Telecoms (+2.30%) sectors, despite the losses recorded in the Oil & Gas (-26.82%), Personal Care (-14.76%), Brewers (-13.61%) and Construction (-13.58%) sectors.

### Fixed Income

- High liquidity remained the major driver of the downward trend seen in the fixed income market in July and preceding months. Supply lagged as strong buying interest persisted in both the Treasury Bills and Bonds market.
- The 2045 FGN Bond with 25 years maturity was freshly issued at the July auction, in addition to the FGN 2026, 2035 and 2050 bonds offered. The newly issued bond closed at a yield of 9.8%, making up 42% of the total N177bn allotted across board. The average stop rate at the auction was 8.81%, representing 157bps MoM decline.
- In the Treasury Bills space, the average discount rate declined to 2.18% in July, with the 91-, 182- and 364-day instruments offered at average discount rates of 1.43%, 1.74% and 3.38% respectively. Consequently, rates in the NTB secondary market were repriced accordingly, as investors took profits on attractive positions.

## KEY FACTS:

**Launch Date:** January 1995

**Memorandum listing:** April 2002

**Size of Fund:** ₦3.4billion

**Initial Investment Amount:** ₦10,000.00

**Management Fee:** 1.5% of NAV

**Incentive Fee:** Maximum of 30% of returns in excess of 10% annually

**Benchmark:** NSE/T Bill Composite Index

**Trustee:** First Trustees Nigeria Ltd, a subsidiary of FBN Capital Ltd

**Registrars:** First Registrars Ltd

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

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