

## Monthly Commentary & Outlook

### EQUITIES MARKET

Equities market closed the month in the green zone as NSE ASI and market capitalization closed at 25,327.13 and ₦13.21 trillion, respectively. The Nigerian equities market continues to recognize some mild recovery after the reopening of the economy and business activities which were hampered by the covid-19 pandemic. Despite prices of many companies being low, investors are still skeptical about fully participating in the equity market. Notwithstanding the declaration of impressive dividends by many companies, investors (especially FPI) are not ready to pick up these stocks partly due to the uncertainty about the severity of COVID-19 in the Nigerian market and post COVID-19 scenarios that may play out.

### FIXED INCOME MARKET

In the treasury bills markets, the 91 days bills closed at 1.145% which is a (-0.055%) compared to previous month's close. 182 days at 1.8% (+0.41%) compared to previous month and 364 days at 3.34% (+0.14%) compared to last month. In the Bonds market, bearish sentiments persisted as prices declined and yields inched up. The bonds market saw bearish sentiments for the month. Bond auction results which saw yields inch up from previous auction. At the end of the month 5 YR, 15YR and 30YR closed at 6.23%, 9.05% and 10.05% levels, respectively. We expect increased demand in the bond space leading to decline in yields. Liquidity levels are expected to go up as treasury bills (NTB and OMO) maturities in the month of September are expected to be about N1.5trillion.

### INFLATION

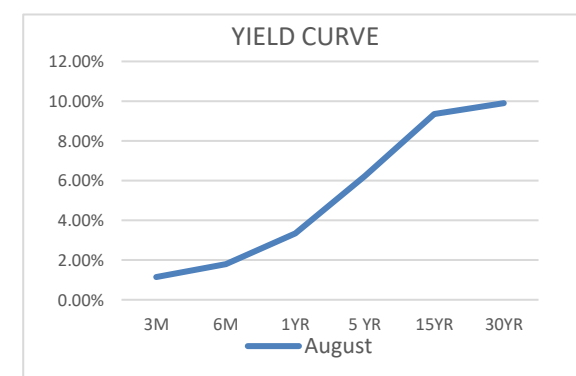
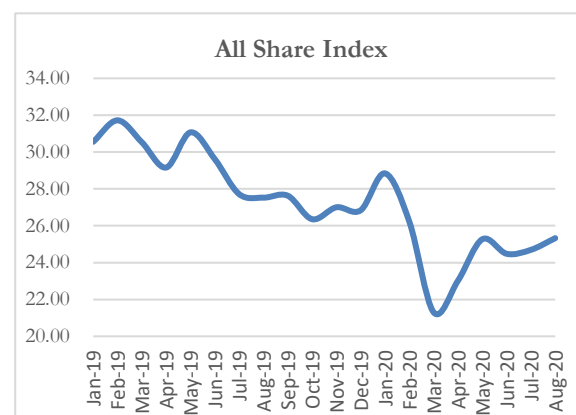
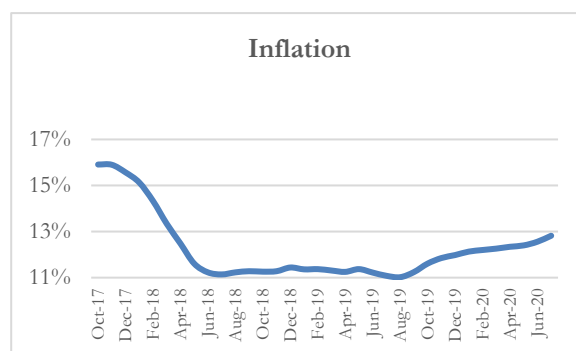
The consumer price index, (CPI) which measures inflation increased to 12.8% percent (year-on-year) in July 2020. This is 26 bps higher than the rate recorded in June 2020 (12.40) percent. The current Covid-19 Pandemic which has seriously hampered global trade and has ushered in a global lockdown has had its toll on inflation rates. Prices of goods are on the rise as demand exceeds supply in most markets. Supply chain disruptions have occurred as a result of the lockdown. Pressure on the local currency would be a major risk to inflation in coming months. The restrictions of some economic activities due to social distancing policies as well as increase in the cost of transportation are other factors that would fuel inflationary pressure in the country. Inflation is estimated to approach 14% level by end of the year.

### OIL PRICE

Crude oil prices saw a marginal gain in the month of August. Recovery continues to be on the rise amidst the current pandemic. Brent crude price recognized its 5<sup>th</sup> straight monthly gains as global stimulus measures has helped crude oil prices. Brent crude closed at \$46.10 per barrel as against \$40.27 per barrel in July. As economies around the world reopen following coronavirus lockdowns, demand for oil and prices have recovered some of the lost ground. Concerns about a possible second wave still poses significant threat to the global economy.

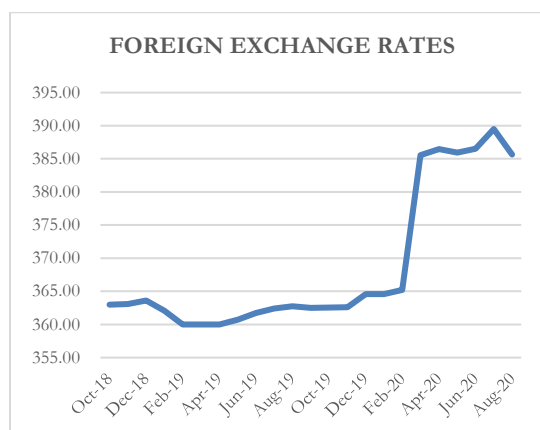
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| Prices/Yield : 31 August 20 |          |
|-----------------------------|----------|
| PACAM Balanced Fund         | N1.38    |
| PACAM Fixed Income Fund     | N 11.90  |
| PACAM Money Market Fund     | 3.59%    |
| PACAM Equity Fund           | NGN 1.10 |
| PACAM Eurobond Fund         | \$109.19 |



## FOREIGN EXCHANGE MARKET

The naira saw some gains on the dollar in the month of August. However, poor yields on traditional investment classes have led to increased hoarding of FX. Demand continues to exceed supply. Naira closed at ₦385.67 against the dollar as against ₦389.50 the previous month in the I&E window. In the parallel market however, the Naira closed at N465/\$1 as against previous months close of N475/\$1.



Source: Data from FMDQ I & E Window

## PACAM MONEY MARKET FUND(MMF) - FUND MANAGER'S REPORT 31-Aug-20

| FUND INFORMATION   |                              | FUND RETURNS   |                             |
|--|------------------------------|--|-----------------------------|
| Fund type  | Open-ended                   |  | <b>Jul-20</b> <b>Aug-20</b> |
| Category   | Money Market Fund            | Annualised Yield   | 3.98% 3.59%                 |
| Risk profile   | Low                          | <b>ASSET ALLOCATION (% OF TOTAL ASSETS)</b>  |                             |
| Launch date  | 27-Jul-16                    |  |                             |
| Fund Manager   | PAC Asset Management Limited |  |                             |
| Trustees   | GTL Trustees Limited         |  |                             |
| Custodian  | UBA Global Investor Services |  |                             |
| Auditors   | BDO Professional Services    |  |                             |
| Management Fee   | 1% of NAV                    |  |                             |
| Dividend Frequency   | Quarterly                    |  |                             |
| Dealing Days   | Monday - Friday              |  |                             |
| NAV per unit (NGN)   | NGN 10.00                    |  |                             |
| <b>INVESTMENT OBJECTIVE</b>  |                              |  |                             |
| The Fund seeks to ensure steady stream of income and capital preservation for investors with modest risk appetite who value liquidity and security of assets.                    |                              | Term Deposits  | Jul-20 Aug-20               |
| The Fund will invest in low risk short term Money Market securities such as Government securities, Bank Placement, Commercial Papers, and others which include Promissory notes. |                              | Cash   | - -                         |
| <b>INVESTMENT COMMITTEE</b>  |                              | Commercial Papers  | 7.80 3.11                   |
| Mr. Sam Onukwue  | Chairman                     | Treasury Bills   | 30.97 39.99                 |
| Mr. Sina Alimi   | Member                       |  | 61.23 56.90                 |
| Mr. Bunkaya Gana   | Trustee's Representative     | <b>HISTORIC YIELDS</b>   |                             |
| Mr. Bamidele Ige   | Member                       |  |                             |
| Mr Moses Ojo   | Member                       | <b>PERFORMANCE REVIEW</b>  |                             |
| Mrs Taiwo Sonola   | Custodian                    | The MMF yields saw some decline in the month mainly attributable to low yields on instruments currently in the market. |                             |



**PACAM EQUITY FUND (PEF) - FUND MANAGER'S REPORT** 31-Aug-20

| FUND INFORMATION   |                              | FUND RETURNS  |               |               |
|--|------------------------------|---|---------------|---------------|
| Fund type  | Open-ended                   |   | <b>Jul-20</b> | <b>Aug-20</b> |
| Category   | Equity Fund                  | Month-on-Month  | -2.20%        | 8.86%         |
| Risk profile   | High                         | Year-to-date (Annualised)   | 4.71%         | 30.14%        |
| Launch date  | 20-May-19                    | Inception-to-date   | -2.20%        | 8.86%         |
| Fund Manager   | PAC Asset Management Limited | <b>ASSET ALLOCATION (% OF TOTAL ASSETS)</b>   |               |               |
| Trustees   | FCMB Trustees Limited        | <ul style="list-style-type: none"> <li>■ Bonds</li> <li>■ Cash</li> <li>■ Equities</li> <li>■ Fixed Placement</li> <li>■ Treasury Bills/Commercial Papers</li> </ul>  |               |               |
| Custodian  | UBA Global Investor Services |   |               |               |
| Auditors   | BDO Professional Services    |   |               |               |
| Management Fee   | 1% of NAV                    |   |               |               |
| Dividend Frequency   | Annual                       |   |               |               |
| Dealing Days   | Monday - Friday              |   |               |               |
| NAV per unit (NGN)   | NGN 1.10                     |   |               |               |
| <b>INVESTMENT OBJECTIVES</b>   |                              |   |               |               |
| The primary objective of PACAM Equity Fund is to achieve long-term capital appreciation by investing in high quality listed equities on the NSE. |                              |   |               |               |
| <b>INVESTMENT COMMITTEE</b>  |                              |   |               |               |
| Mr. Sam Onukwue  | Chairman                     | <b>ASSET QUALITY (% TOTAL ASSETS)</b>   |               |               |
| Mr. Sina Alimi   | Member                       | Bonds   | 2.89          | 2.93          |
| Mr Osamede Fadaka  | Trustee's Representative     | Cash  | 1.01          | 6.48          |
| Mr. Bamidele Ige   | Member                       | Equities  | 78.19         | 73.82         |
| Mr Moses Ojo   | Member                       | Fixed Placement   | -             | -             |
| Mrs Taiwo Sonola   | Custodian                    | Treasury Bills/Commercial Papers  | 17.91         | 16.76         |
|  |                              | <b>PERFORMANCE REVIEW</b>   |               |               |
|  |                              | The PACAM Equity fund realized some significant gains during the month. The Nigerian equity space recognized some significant gains and remained bullish for most part of the month. This has a positive impact on equity instruments on the PACAM Equity fund. |               |               |

**PACAM BALANCED FUND (PBF) - FUND MANAGER'S REPORT** 31-Aug-20

| FUND INFORMATION  |                              | FUND RETURNS  |               |               |
|---|------------------------------|---|---------------|---------------|
| Fund type   | Open-ended                   |   | <b>Jul-20</b> | <b>Aug-20</b> |
| Category  | Balanced Fund                | Month-on-Month  | -1.02%        | 1.00%         |
| Risk profile  | Moderate                     | Year-to-date (Annualised)   | 16.43%        | 15.99%        |
| Launch date   | 15-May-15                    | Inception-to-date   | 50.00%        | 25.32%        |
| Fund Manager  | PAC Asset Management Limited | <b>ASSET ALLOCATION (% OF TOTAL ASSETS)</b>   |               |               |
| Trustees  | FBN Trustees Limited         | <ul style="list-style-type: none"> <li>■ Bonds</li> <li>■ Cash</li> <li>■ Equities</li> <li>■ Treasury Bills/Commercial Papers</li> </ul>   |               |               |
| Custodian   | UBA Global Investor Services |   |               |               |
| Auditors  | BDO Professional Services    |   |               |               |
| Management Fee  | 1% of NAV                    |   |               |               |
| Dividend Frequency  | Annual                       |   |               |               |
| Dealing Days  | Monday - Friday              |   |               |               |
| NAV per unit (NGN)  | NGN 1.40                     |   |               |               |
| <b>INVESTMENT OBJECTIVES</b>  |                              |   |               |               |
| The primary objective of PACAM Balanced Fund is to achieve long-term capital appreciation, capital preservation as well as providing a stable stream of income to investors by investing the Fund's assets across a mix of investment-grade fixed income instruments, Money Market Instruments & Real Estate Assets and high quality listed equities on the |                              |   |               |               |
| <b>INVESTMENT COMMITTEE</b>   |                              |   |               |               |
| Mr. Sam Onukwue   | Chairman                     | <b>ASSET QUALITY (% TOTAL ASSETS)</b>   |               |               |
| Mr. Sina Alimi  | Member                       | Bonds   | 36.15         | 36.30         |
| Mr. Olufemi Okin  | Trustee's Representative     | Cash  | 1.69          | 1.30          |
| Mr. Bamidele Ige  | Member                       | Equities  | 24.85         | 24.59         |
| Mr Moses Ojo  | Member                       | Fixed Placement   | -             | -             |
| Mrs Taiwo Sonola  | Custodian                    | Treasury Bills/Commercial Papers  | 37.31         | 37.80         |
|   |                              | <b>PERFORMANCE REVIEW</b>   |               |               |
|   |                              | The PACAM Balanced Fund recognized some significant gains mainly attributable to increase in prices of bond instruments as well as bullish sentiments in the Nigerian equities space. |               |               |

To invest, kindly make payment to the bank accounts detailed below:

|              | <b>PACAM Money Market Fund</b>   | <b>PACAM Fixed Income Fund</b>   | <b>PACAM Balanced Fund</b>   | <b>PACAM Equity Fund</b>                | <b>PACAM Eurobond Fund</b>                |
|--------------|--|--|--|---|---|
| Bank         | UBA PLC  | UBA PLC  | UBA PLC  | UBA PLC                                 | UBA PLC                                   |
| Account Name | UBA PLC Nominee - Main Street Bank Trustees & Asset Mgt. PACAM Money Market Fund | UBA PLC Nominee - Main Street Bank Trustees & Asset Mgt. PACAM Fixed Income Fund | UBA PLC Nominee - Main Street Bank Trustees & Asset Mgt. PACAM Balanced Fund | UBA NOM-FCMB Trustees/PACAM Equity Fund | UBA NOM-FCMB Trustees/PACAM Eurobond Fund |
| Account No.  | 1019535675   | 1019535682   | 1019045402   | 1021941770                              | 1021941866                                |