



PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.

Monthly Fund Manager's Report – August 2022

August 2022 Market & Economic Review

MACROECONOMIC OVERVIEW

Gross Domestic Product (GDP): Nigeria's GDP grew by 3.54% in Q2'22 (Q2'21: 5.01%), driven by the non-oil sector which grew by 4.77% in the quarter. However, oil sector growth contracted by -11.77%, despite the increase in global oil prices.

INFLATION: Nigeria's inflation rose by 104 basis points to 19.64% in July 2022 (June 2022: 18.60%) driven by accelerated core and food inflation which rose by 16.26% and 22.02% respectively. This accelerated price was propelled by the rise in global energy costs, disrupted supply chain and insecurity in food-producing states.

CRUDE OIL: The average price of Brent crude decreased by 7.39% to \$97.35 per barrel in August 2022 (July 2022: \$105.12), despite the OPEC+ output cut. This was caused by fears of looming recession that could weaken the demand for crude oil.

OUTLOOK: The interventions of monetary and fiscal authorities in non-oil sector is expected to drive up the GDP growth in coming quarters. However, the insecurity in food-producing states, election spending and increasing energy costs is expect to fuel inflationary pressure. We expect a slight decline in oil prices in coming month as countries are exploring alternative energy sources such as coal and renewable energy.

EQUITIES MARKET OVERVIEW

Bears maintained dominance in equities market in August as the NGX All-Share Index and Market Capitalization depreciated further by 1.06% and 1.04% to 49,836.51 and ₦26.88 trillion respectively. The three top gainers during the month were NEM (+47.06%), JPAULGOLD (+43.48%) and MULTIVERSE (+39.36%). The Year-to-Date (Ytd) and the Quarter-to-Date (QtD) returns stood at +16.67% and -3.82% respectively.

OUTLOOK: We expect the equities market to move southward in September as investors continue to migrate to the fixed income market to take advantage of attractive rates. Nevertheless, we advise our clients to maintain their position in stocks with sound fundamentals and impressive dividend history.



BOND MARKET OVERVIEW

In the **secondary bond market**, the average yield rose by 61 bps as it closed at 11.13% in August 2022, compared to 10.51% recorded in July 2022. During the month, the 1-year, 2-year, 5-year and 8-year bonds traded at 7.00% (-0.57%), 11.63% (+0.82%), 13.05% (+1.32%) and 12.82% (+0.88%) respectively.

In the **primary bond market**, the average yield increased by 88 bps in August as marginal rates such as FGN MAR 2025, FGN APR 2032, and FGN JAN 2042 closed at 12.50.00% (July: 11.00%), 13.50% (July: 13.00%) and 14.00% (July: 13.75%) respectively.

OUTLOOK: To close the negative real return which was triggered by the persistent rise in inflation, yields on risk-free securities in both primary and secondary markets are expected to remain high.

FOREIGN EXCHANGE MARKET OVERVIEW

On the Investors and Exporters Window, the naira depreciated further by ₦1.78 in August 2022 as the exchange rate closed the month at ₦428.95/\$ (July 2022: ₦ 427.17/\$).

OUTLOOK: The marginal decline of 0.50% in the country's foreign reserves in August resulted in a further depreciation of naira in the month. With the current FX illiquidity, increased appetite for foreign products and persistent decline in crude oil production in the country, we expect the naira to remain under pressure.

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. 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.

FUND INFORMATION

Fund type	Open-ended
Category	Money Market Fund
Risk profile	Low
Launch date	27-Jul-16
Fund Manager	PAC Asset Management Limited
Trustees	Greenwich Trustees Limited
Custodian	UBA Global Investor Services
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	91-day Nigerian Treasury Bill
Dividend Frequency	Quarterly
6-year Annual Growth Rate	9.47%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 10.00

INVESTMENT COMMITTEE

Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr. Bunkaya Gana	Trustee's Representative
Mr. Bamidele Ige	Fund Manager
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

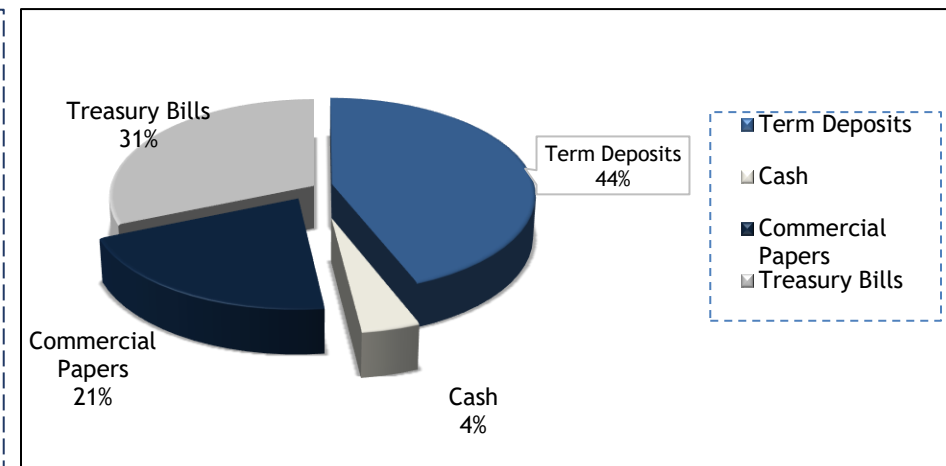
FUND RETURNS

	Jul-22	Aug-22
Current Yield	6.94%	7.82%
Inception to Date	73.56%	74.53%

PERFORMANCE REVIEW:

Following the Central Bank of Nigeria's resolution to increase the MPR by 100 basis point to 14.00%, money market rates have seen upward trend in yields as the fund saw an 88 basis points (88 bps) month-on-month improvement, as the fund yield breaks above the upper bound of its 52 High.

The Fund Manager still anticipates an upward trend and is strategically positioned to improve its yields.



ASSET QUALITY (% TOTAL ASSETS)	31-Jul-22	31-Aug-22
Term Deposits	33.42	43.94
Cash	1.97	4.11
Commercial Papers	36.70	20.64
Treasury Bills	27.92	31.31

FUND YIELD CHART



The objective of the Fund is to generate a steady return on capital and assured liquidity for all classes of investors. The Fund's investments will mostly be in long tenured debt instruments of the FGN, States and highly rated corporate institutions. The Fund may also invest its assets in money market securities such as Treasury Bills, Commercial papers, Bankers Acceptances and Certificate of Deposits with rated banks in Nigeria.

FUND INFORMATION

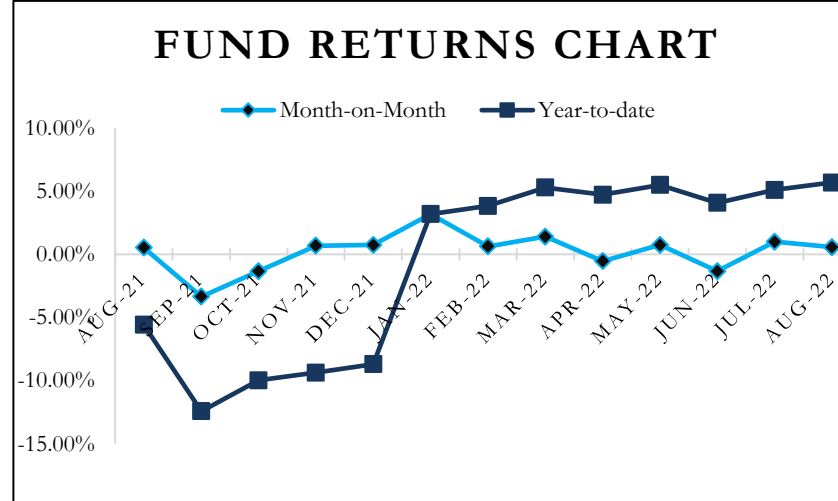
Fund type	Open-ended
Category	Fixed Income Fund
Risk profile	Moderate
Launch date	27-Jul-16
Fund Manager	PAC Asset Management Limited
Trustees	Greenwich Trustees Limited
Custodian	UBA Global Investor Services
Auditor	BDO Professional Services
Management Fee	1% of NAV
Benchmark	5-year Nigerian Sovereign Bond
Dividend Frequency	Annual
5-Year Annual Growth Rate	6.94%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 11.81

INVESTMENT COMMITTEE

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Mrs Taiwo Sonola	Custodian

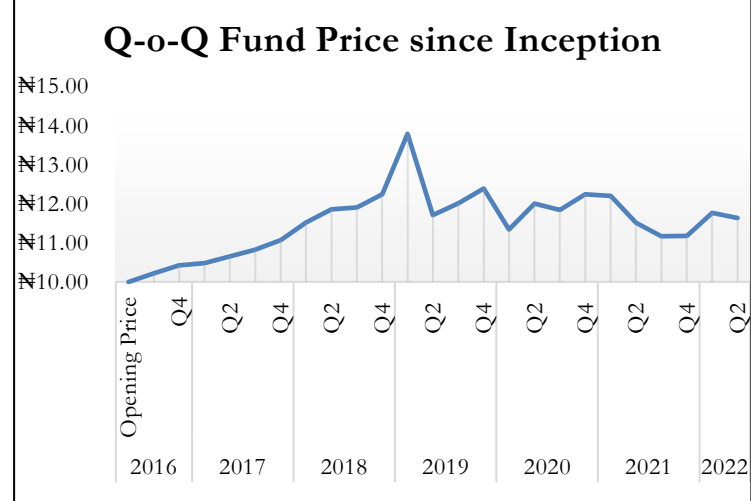
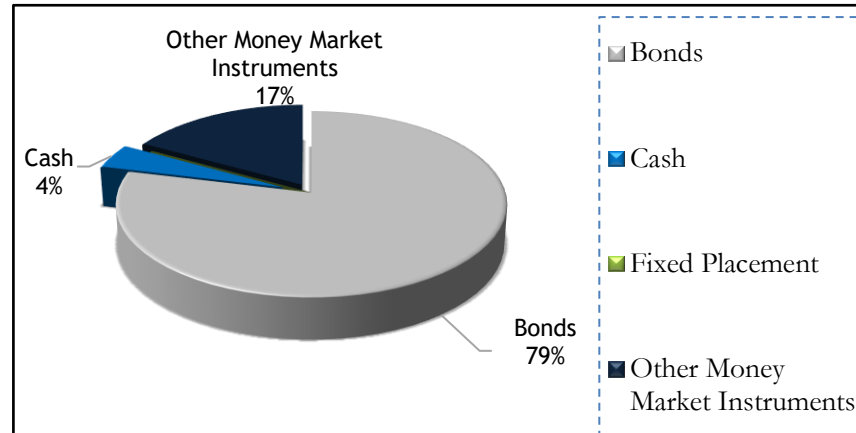
FUND RETURNS

	Jul-22	Aug-22
Month-on-Month	0.98%	0.56%
Year-to-date	5.09%	5.67%
Inception-to-date	52.93%	53.58%



ASSET QUALITY (% TOTAL ASSETS)

	Jul-22	Aug-22
Bonds	78.73	78.79
Cash	4.30	4.25
Fixed Placement	-	-
Other Money Market Instruments	16.97	16.95



PERFORMANCE REVIEW:

In the secondary bond market, the average yield rose by 61 bps as it closed at 11.13% in August 2022, compared to 10.51% recorded in July 2022.

Other money market instruments performed relatively better due to the increase in MPR which is aimed at curbing inflationary pressures.

The Fund saw a decrease in NAV price due to increase in yields during the month. The Fund Manager maintains strategic positions to maintain the Fund's Yield.

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 NSE.

FUND INFORMATION

Fund type	Open-ended
Category	Balanced Fund
Risk profile	Moderate
Launch date	15-May-15
Fund Manager	PAC Asset Management Limited
Trustees	FBN Trustees Limited
Custodian	UBA Global Investor Services
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	Composite index comprising of NSE ASI, 5-Year Nigerian Sovereign Bond, 1-Year Nigerian Treasury Bill
Dividend Frequency	Annual
6-Year Annual Growth Rate	11.97%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.66

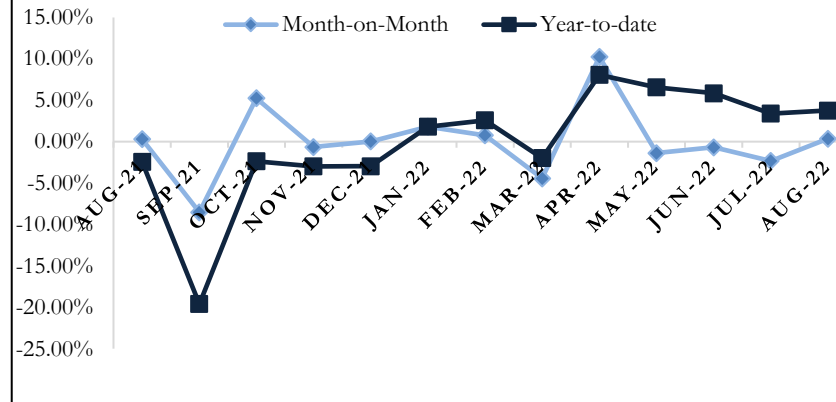
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Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

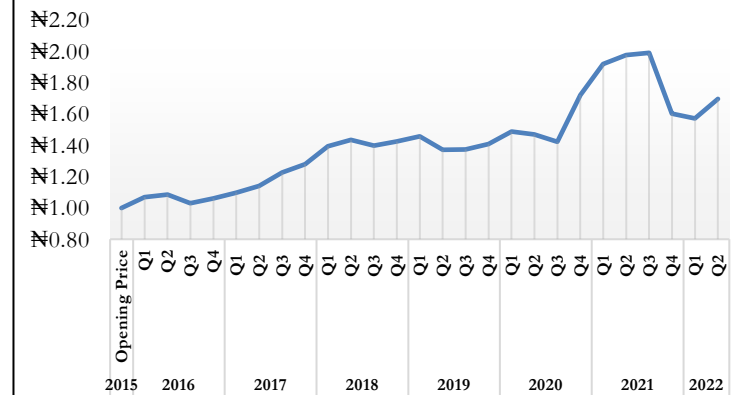
FUND RETURNS

	Jul-22	Aug-22
Month-on-Month	-2.33%	0.36%
Year-to-date	3.38%	3.75%
Inception-to-date	117.99%	118.60%

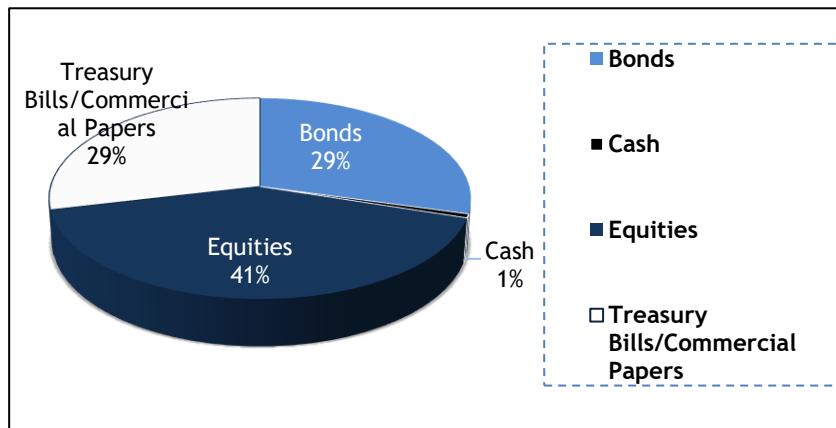
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Jul-22	Aug-22
Bonds	29.14	29.32
Cash	0.67	0.62
Equities	41.52	41.36
Treasury Bills/Commercial Papers	28.67	28.69



PERFORMANCE REVIEW:

The Equities market have seen steady declines, however, the fund's NAV & Y-T-D yield witnessed M-o-M increase by 36 Basis points (36 bps).

This was largely due to investors migration to fixed income instruments on the back of upward trending yields.

The fund is well diversified and provides some shield against intense market volatility. The fund manager will continue to carry out tactical allocation measures to ensure a fully optimized portfolio.

The primary objective of PACAM Equity Fund is to achieve long-term capital appreciation by investing in high quality listed equities across sectors on the Nigerian Stock Exchange (NGX) as well as Fixed income instruments, with more concentration on equity instruments.

FUND INFORMATION

Fund type	Open-ended
Category	Equity Fund
Risk profile	High
Launch date	20-May-19
Fund Manager	PAC Asset Management Limited
Trustees	FCMB Trustees Limited
Custodian	UBA Global Investor Services
Auditor	Adekunle Alli & Co.
Management Fee	1% of NAV
Benchmark	NSE All Share Index
Dividend Frequency	Annual
Compounded Annual Growth Rate	16.90%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 1.43

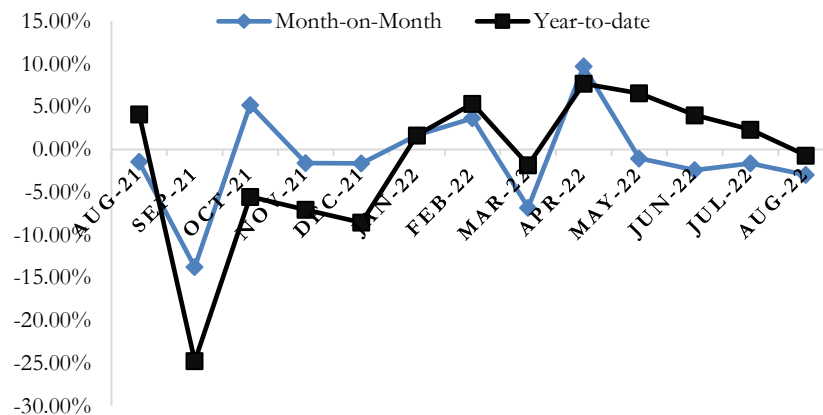
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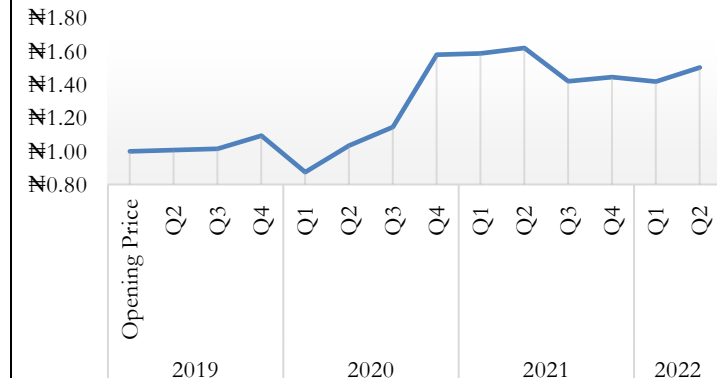
FUND RETURNS

	Jul-22	Aug-22
Month-on-Month	-1.63%	-2.97%
Year-to-date	2.32%	-0.72%
Inception-to-date	70.84%	66.45%

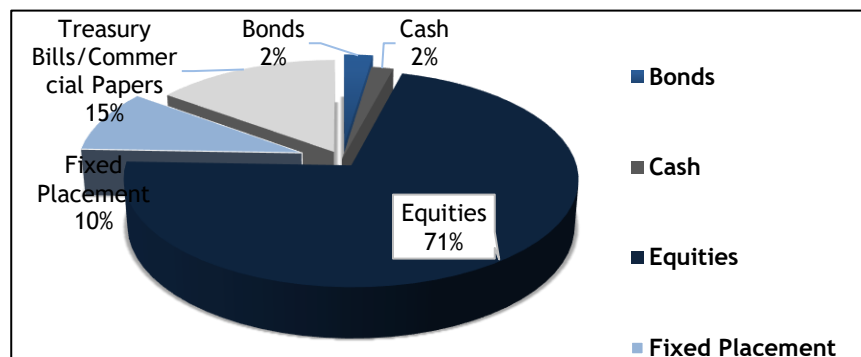
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Jul-22	Aug-22
Bonds	2.28	2.36
Cash	1.61	1.78
Equities	72.47	71.43
Fixed Placement	9.18	9.49
Treasury Bills/Commercial Papers	14.46	14.94



PERFORMANCE REVIEW:

Nigerian equities market plunged in August as the NGX All-Share Index and Market Capitalization both depreciated by 1.06% and 1.04% to 49,836.51 and ₦26.88 trillion respectively.

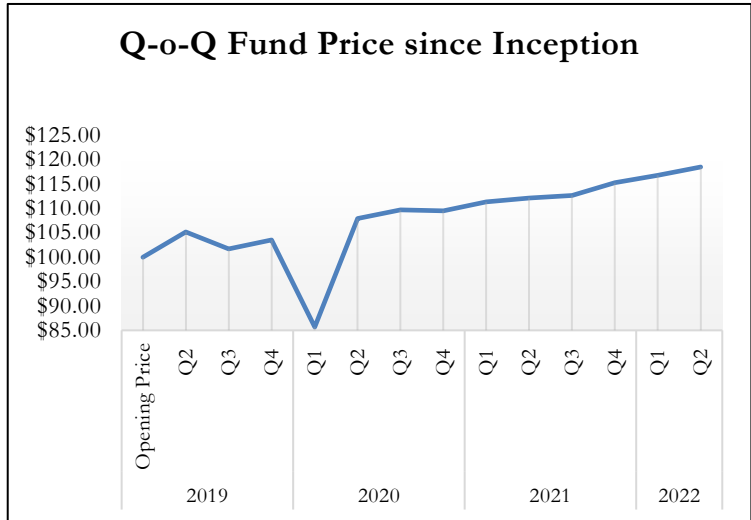
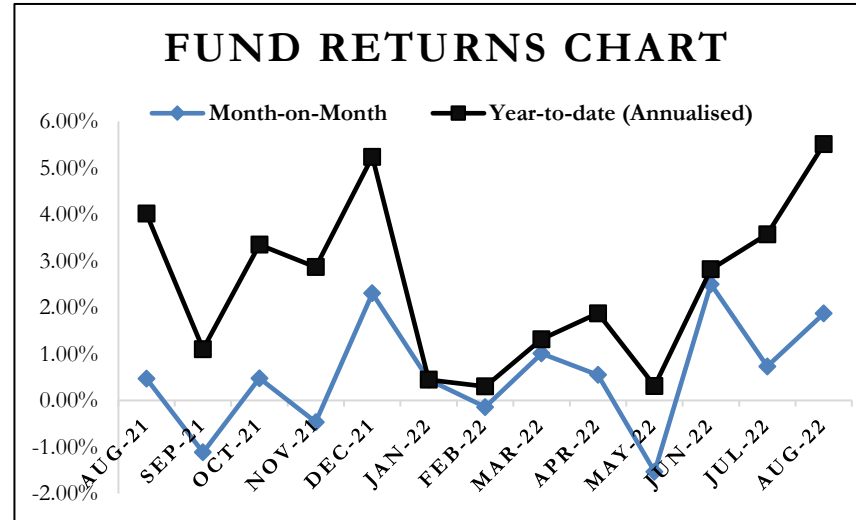
The fund witnessed a slight NAV decrease as NGX All share index has seen some shedding. Investors are currently scouting for safer investments following the increased MPR. We also expect investors to continue migrating to the fixed-income market in September as they seek better returns.

The fund manager will continue to carry out tactical allocation measures to ensure a fully optimized portfolio.

The objective of the Fund is to generate a steady return on capital and assured liquidity for all classes of investors. The Fund's investments will mostly be in dollar-denominated long tenured debt instruments of the FGN, States and highly rated corporate institutions. The Fund may also invest its assets in dollar-denominated money market securities.

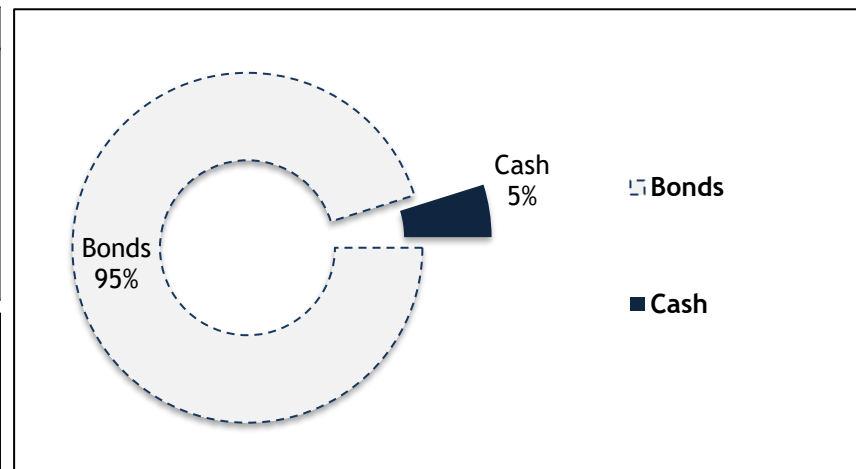
FUND INFORMATION

Fund type	Open-ended
Category	Dollar Denominated Bond Fund
Risk profile	Moderate
Launch date	20-May-19
Fund Manager	PAC Asset Management Limited
Trustees	FCMB Trustees Limited
Custodian	UBA Global Investor Services
Auditor	Adekunle Alli & Co.
Management Fee	1% of NAV
Benchmark	5-Year Nigerian sovereign Eurobond
Dividend Frequency	Annual
Compounded Annual Growth Rate	6.05%
Dealing Days	Monday - Friday
	\$
NAV per unit (USD)	121.62



ASSET QUALITY (% TOTAL ASSETS)

	Jul-22	Aug-22
Bonds	97.15	95.15
Cash	2.85	4.85



INVESTMENT COMMITTEE

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Mrs Taiwo Sonola	Custodian

FUND RETURNS

	Jul-22	Aug-22
Month-on-Month	0.73%	1.87%
Year-to-date (Annualised)	3.57%	5.51%
Inception-to-date	22.31%	24.54%

PERFORMANCE REVIEW:

An increased appetite for USD investments have led to an improved subscriptions to the fund which in turn led to an improved NAV during the month under review.

In this space, we expect Policy response to Inflation in major economies to impact asset prices, which still presents buying opportunities.

The Fund manager will continue to monitor the Eurobond space. The fund still presents tactical opportunities for entry, a hedge against inflation and devaluation of the local currency.

M-O-M Fund NAV performance

Fund Prices:	Jul-22	Aug-22	% Change
PACAM Balanced Fund	₦1.657	₦1.663	0.36%
PACAM Fixed Income Fund	₦11.75	₦11.81	0.56%
PACAM Money Market Fund	₦10.00	₦10.00	
PACAM Equity Fund	₦1.48	₦1.43	-3.38%
PACAM Eurobond Fund	\$119.39	\$121.62	1.87%

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

	PACAM Money Market Fund	PACAM Fixed Income Fund	PACAM Balanced Fund	PACAM Equity Fund	PACAM Eurobond Fund
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
Currency	NGN	NGN	NGN	NGN	USD
USSD Code	*402*91904308* AMOUNT#	*402*91904309*AMOUNT#	*402*91904312*AMOUNT#	*402*91904311* AMOUNT#	-

* USSD Code is currently active for UBA and Zenith Bank account users only.



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