



# PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.

# July 2022 Market & Economic Review

## MACROECONOMIC OVERVIEW

**Gross Domestic Product (GDP):** Nigeria's GDP grew by 3.11% in Q1'22 against 0.51% in Q1'21. Thanks to improved activities in the non-oil sector of the economy which grew by 6.08% in the quarter. However, oil sector growth retreated by -26.04% despite rising global oil prices.

**INFLATION:** Nigeria's inflation increased by 89 basis points (bps) to 18.60% in June 2022 (May 2022: 17.71%) driven by accelerated core and food inflation which rose by 15.75% and 20.60% respectively. This accelerated price was largely due to the rise in global energy costs and a disrupted supply chain.

**CRUDE OIL:** The average price of Brent crude oil decreased by 10.29% to \$102.52 per barrel in July 2022 (June 2022: \$114.28). This was caused by fears of looming recession that could tamper demand for crude oil.

**OUTLOOK:** We opine that the interventions of monetary and fiscal authorities will continue to drive the growth in the non-oil sector of the economy. Also, we expect the inflation rate to continue to rise in the coming month due to insecurity in food-producing states, election spending and increasing energy costs. The pressure on oil prices is expected to abate in the coming month as countries explore alternative energy sources such as coal and renewable energy.

## EQUITIES MARKET OVERVIEW

Bearish forces continue to reign in the Equities market in July as the NGX All-Share Index and Market Capitalization depreciated further by 2.79% and 2.79% to 50,370.25 and ₦27.16 trillion respectively. The three top gainers during the month were ACADEMY (+45.67%), TIP (+20.00%) and JOHNHOLT (+18.67%). The Year-to-Date (YtD) and the Quarter-to-Date (QtD) returns stood at +17.92% and -2.79% respectively.

**OUTLOOK:** The bearish trend is expected to continue in August as investors continue to migrate to the fixed income market with more attractive rates as a result of a Higher MPR of 14% announced 19th of July 2022. However, we advise our clients to maintain their position in equities with sound fundamentals and impressive dividend history.

## BOND MARKET OVERVIEW

In the **secondary bond market**, the average yield rose by 157 bps as it closed at 10.51% in July 2022, compared to 8.94% recorded in June 2022. During the month, the 1-year, 2-year, 5-year and 8-year bonds traded at 7.57% (1.73%), 10.81% (2.79%), 11.73% (1.04%) and 11.94% (0.72%) respectively.

In the **primary bond market**, the average yield increased by 67 bps in June as marginal rates such as FGN MAR 2025, FGN APR 2032, and FGN JAN 2042 closed at 11.00% (June: 10.10%), 13.00% (June: 12.50%) and 13.75% (May: 13.15%) respectively.

**OUTLOOK:** We expect to see a continuous increase in yields in the bond market in the months ahead as investors gain more confidence in the fixed income market.

## FOREIGN EXCHANGE MARKET OVERVIEW

On the Investors and Exporters Window, the naira depreciated further by ₦6.29 in July 2022 as the exchange rate closed the month at ₦427.17/\$ (June 2022: ₦420.88/\$).

**OUTLOOK:** Despite the increase in the foreign reserve in July to US\$39.25 billion, the naira weakened as demand for the greenback outpaced supply. While CBN is expected to continue to defend the Nigerian currency; low oil output and increasing demand for forex are expected to exacerbate pressure on the naira.



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	9.61%
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

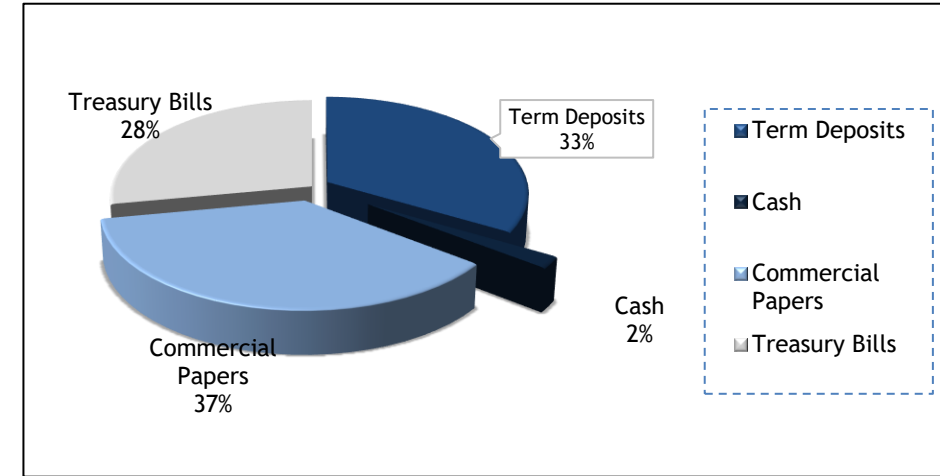
### FUND RETURNS

	Jun-22	Jul-22
Current Yield	6.40%	6.94%
Inception to Date	72.58%	73.56%

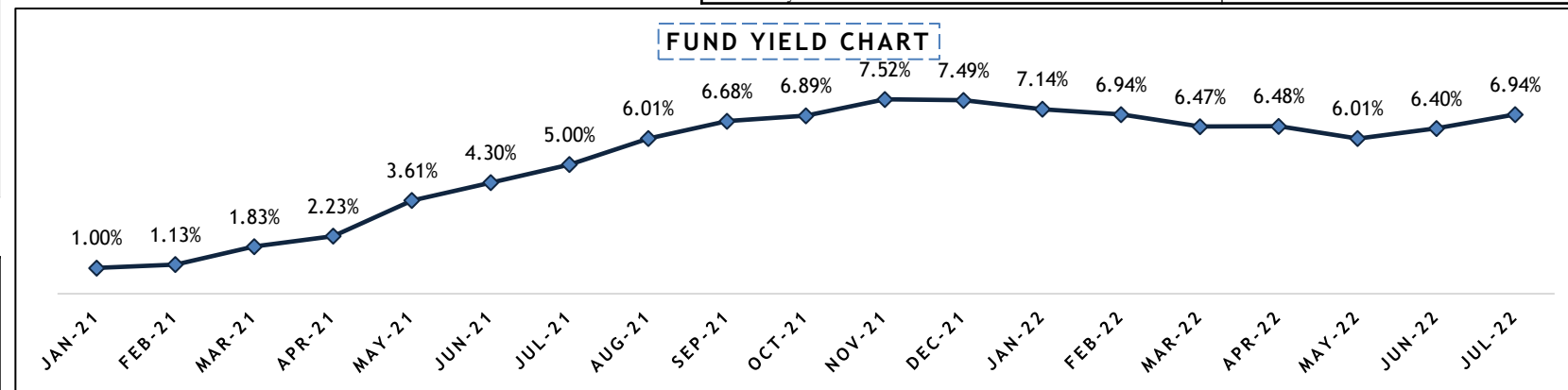
### PERFORMANCE REVIEW:

Following the CBN decision to increase the MPR by 100 basis point (100 Bps) to 14%, money market rates have seen an upward trend in yields as the fund saw a month-on-month 54 basis points (54 bps) improvement.

The Fund Manager still maintains strategic positions to improve yields trends.



ASSET QUALITY (% TOTAL ASSETS)	Jun-22	Jul-22
Term Deposits	34.91	33.42
Cash	1.86	1.97
Commercial Papers	34.87	36.70
Treasury Bills	28.36	27.92



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	7.04%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 11.75

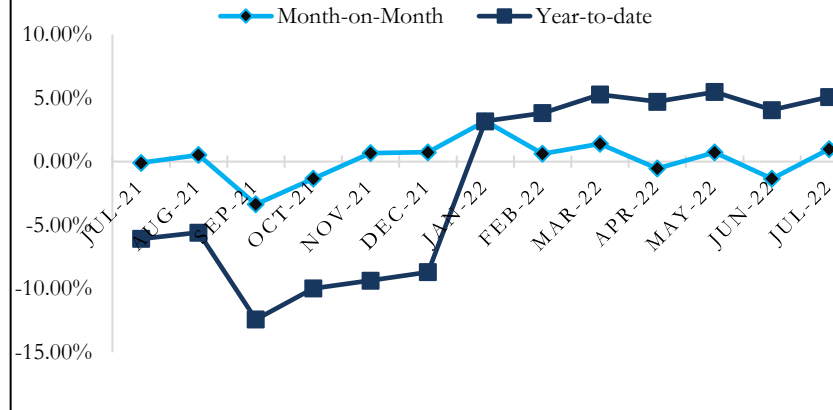
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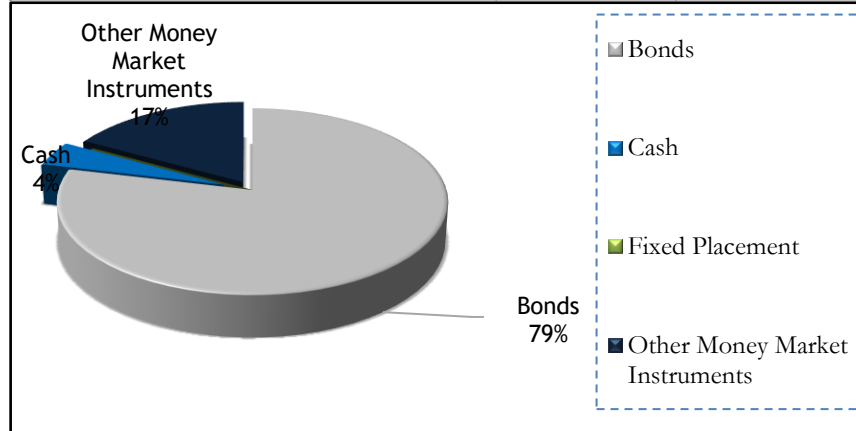
## FUND RETURNS

	Jun-22	Jul-22
Month-on-Month	-1.34%	0.98%
Year-to-date	4.07%	5.09%
Inception-to-date	51.78%	52.93%

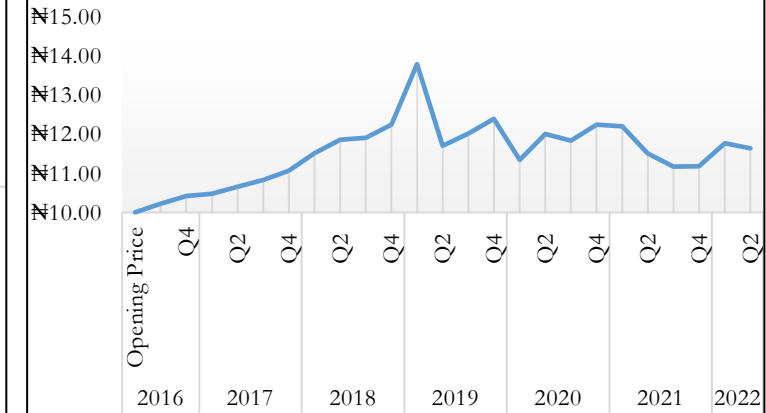
## FUND RETURNS CHART



ASSET QUALITY (% TOTAL ASSETS)	Jun-22	Jul-22
Bonds	80.90	78.73
Cash	3.42	4.30
Fixed Placement	-	-
Other Money Market Instruments	15.67	16.97



## Q-o-Q Fund Price since Inception



## PERFORMANCE REVIEW:

In the bond market, the average market yield increased by an average of 6bps.

The Fund saw an increase in NAV price due to declining bond yield trends in the month under review.

The Fund Manager is committed to ensuring the Fund's Portfolio is well diversified and strategic to ensure good returns.

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	12.14%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 1.66

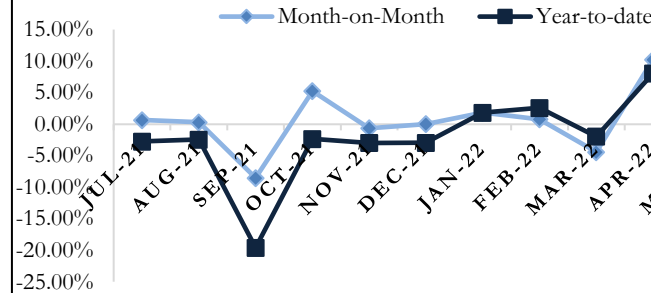
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## FUND RETURNS

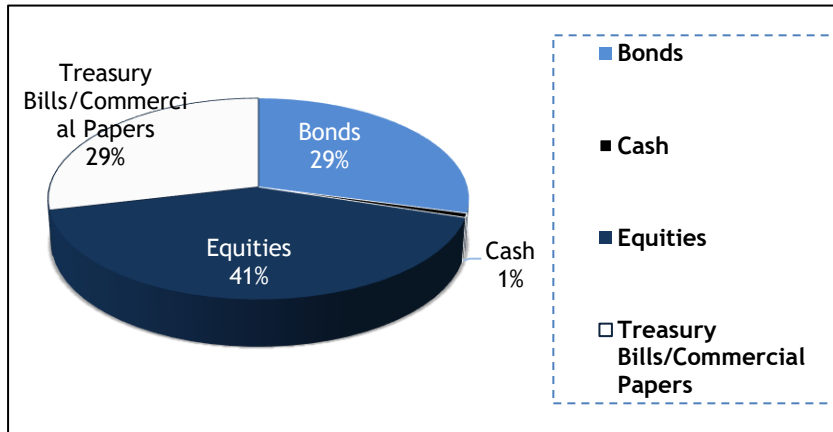
	Jun-22	Jul-22
Month-on-Month	-0.68%	-2.33%
Year-to-date	5.84%	3.38%
Inception-to-date	122.06%	117.99%

## FUND RETURNS CHART

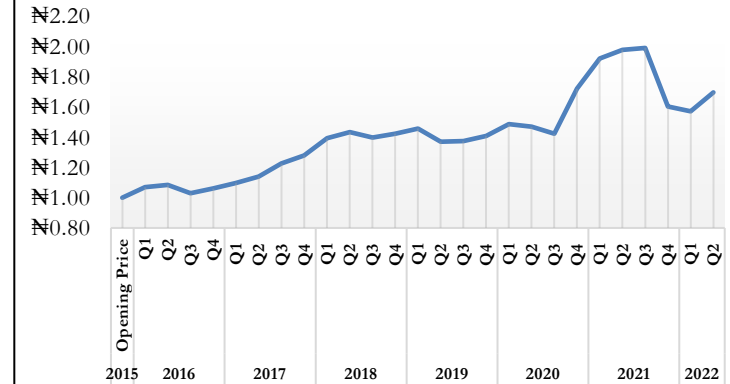


## ASSET QUALITY (% TOTAL ASSETS)

	Jun-22	Jul-22
Bonds	31.34	29.14
Cash	4.21	0.67
Equities	42.98	41.52
Fixed Placement	-	-
Treasury Bills/Commercial Papers	21.47	28.67



## Q-o-Q Fund Price since Inception



## PERFORMANCE REVIEW:

The fund NAV witnessed M-o-M decrease as equity investors are still reacting to the further increase in the MPR rate announced by the CBN. The Equity market saw massive selloffs during the month as investors are taking profit on investments.

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	17.36%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.48

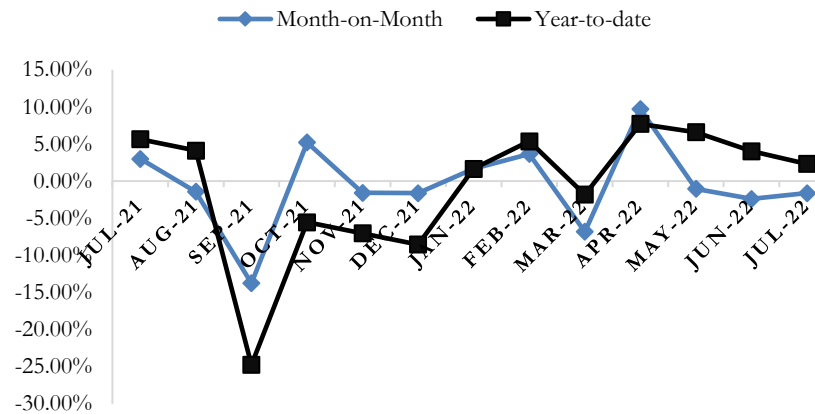
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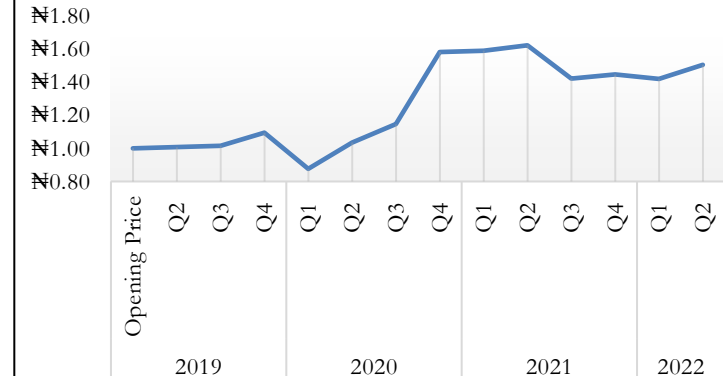
## FUND RETURNS

	Jun-22	Jul-22
Month-on-Month	-2.41%	-1.63%
Year-to-date	4.01%	2.32%
Inception-to-date	73.28%	70.84%

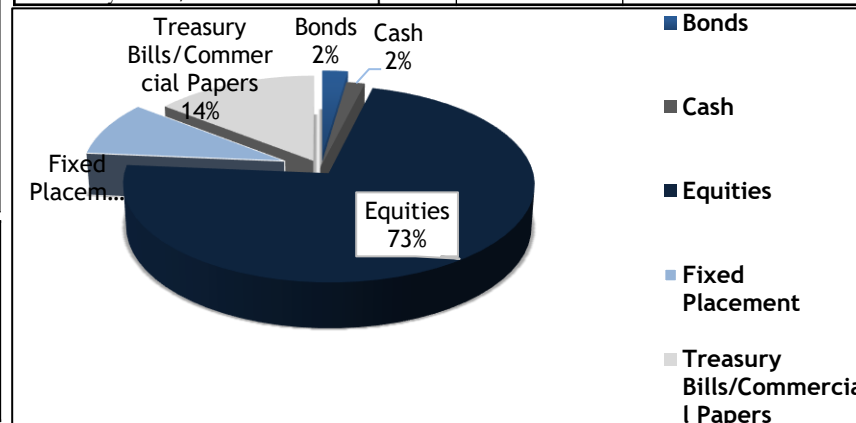
## FUND RETURNS CHART



## Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Jun-22	Jul-22
Bonds	2.32	2.38
Cash	1.97	1.61
Equities	72.78	72.47
Fixed Placement	4.93	9.18
Treasury Bills/Commercial Papers	18.01	14.46



## PERFORMANCE REVIEW:

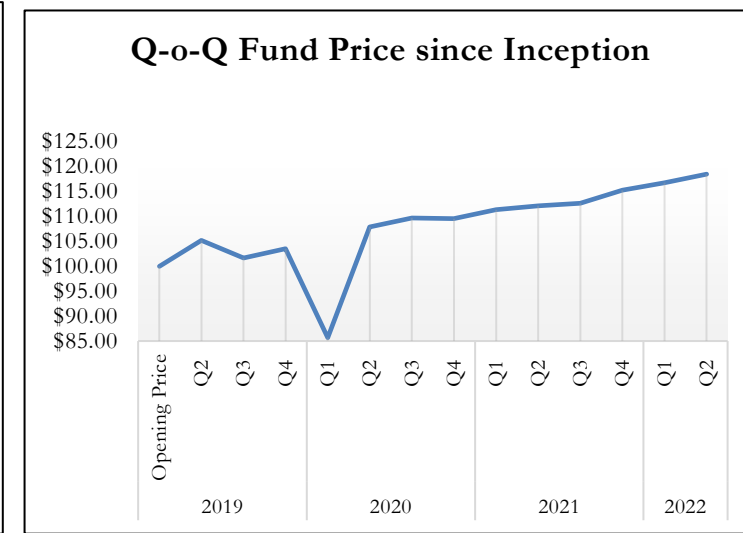
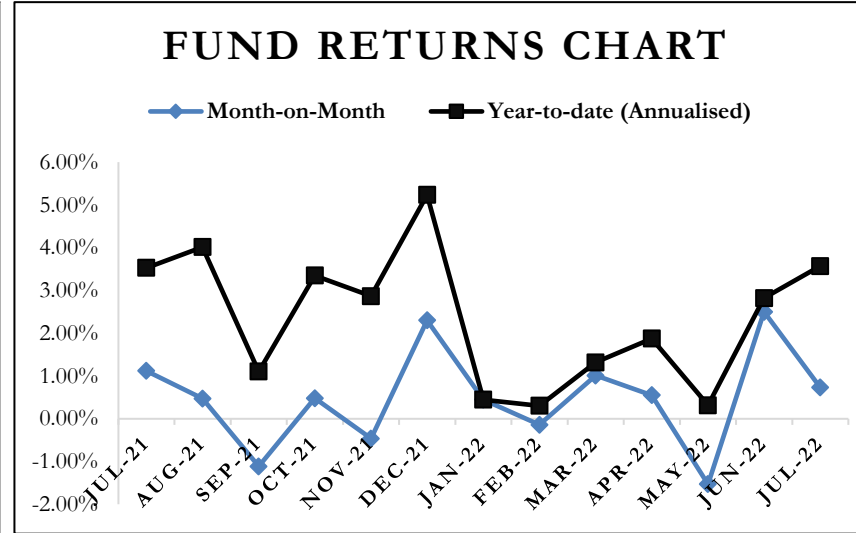
Nigerian equities market plunged in July as the NGX All-Share Index and Market Capitalization both depreciated by 2.79% to 50,370.25 and ₦27.16 trillion respectively.

The fund witnessed a slight NAV decrease as investors are taking positions due to the previous dip in price. Investors are still looking for safer investments following the increased MPR. We expect the level of activities to slow in August. We also expect investors to continue migrating to the fixed-income market in August as they seek higher yields. 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.

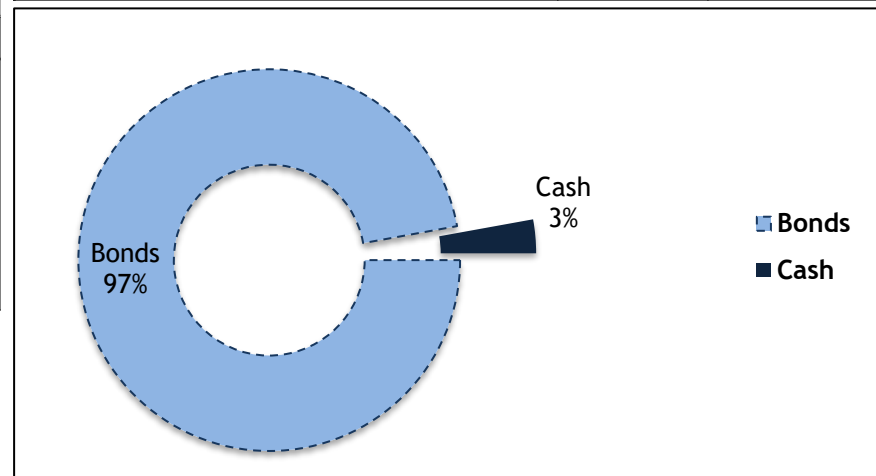
## FUND INFORMATION

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	6.20%
Dealing Days	Monday – Friday
NAV per unit (USD)	\$ 119.39



### ASSET QUALITY (% TOTAL ASSETS)

	Jun-22	Jul-22
Bonds	97.35	97.15
Cash	2.65	2.85



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### FUND RETURNS

	Jun-22	Jul-22
Month-on-Month	2.50%	0.73%
Year-to-date (Annualised)	2.82%	3.57%
Inception-to-date	20.24%	21.10%

## PERFORMANCE REVIEW:

The month saw asset prices move up further in the Eurobond space which led to an improvement in fund's 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

<b>Fund Prices:</b>	<b>Jun-22</b>	<b>Jul-22</b>	<b>% Change</b>
PACAM Balanced Fund	₦1.70	₦1.66	-2.35%
PACAM Fixed Income Fund	₦11.63	₦11.75	0.99%
PACAM Money Market Fund	₦10.00	₦10.00	
PACAM Equity Fund	₦1.50	₦1.48	-1.33%
PACAM Eurobond Fund	\$118.52	\$119.39	0.73%

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
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.





[www.pacassetmanagement.com](http://www.pacassetmanagement.com)

## PAC Asset Management Limited

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