



PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.

June 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 majorly because of the rise in global energy costs and a disrupted supply chain.

CRUDE OIL: The average price of Brent crude increased by 6.48% to \$114.28 per barrel in June 2022 (May 2022: \$107.33). This was driven by the limited supply as buyers continue to shun Russia oil due to its invasion of Ukraine.

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. We expect that the GDP will maintain its positive trend in Q2'22. 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

The prevailing headwinds across the globe dragged the Nigerian equities market down in June as the NGX All-Share Index and Market Capitalization depreciated by 2.21% and 2.21% to 51,817.59 and ₦27.94 trillion respectively. The three top gainers during the month were ELLAHLAKES (+26.92%), NAHCO (+17.73%), and CORNERST (+16.13%). The Year-to-Date (YtD) and the Quarter-to-Date (QtD) returns stood at +21.31% and +10.33% respectively.

OUTLOOK: The bearish trend is expected to continue in July due to uncertainties across markets. However, we advise our clients to maintain their position in securities with sound fundamentals and impressive dividend history.

BOND MARKET OVERVIEW

In the **secondary bond market**, the average yield rose by 26 bps as it closed at 8.94% in June 2022, compared to 8.68% recorded in May 2022. During the month, the 1-year, 2-year, 5-year and 8-year bonds traded at 5.84% (0.99%), 8.02% (0.45%), 10.69% (-0.30%) and 11.22% (-0.09%) respectively.

In the **primary bond market**, the average yield increased by 10 bps in June as marginal rates such as FGN MAR 2025, FGN APR 2032, and FGN JAN 2042 closed at 10.10% (May: 10%), 12.50% (May: 12.45%) and 13.15% (May: 13%) respectively.

OUTLOOK: We expect to see an increase in yields in the bond market in the months ahead as investors migrate their assets to haven.



FOREIGN EXCHANGE MARKET OVERVIEW

On the Investors and Exporters Window, the naira depreciated by ₦5.04 in June 2022 as the exchange rate closed the month at ₦420.88/\$ (May 2022: ₦415.84/\$).

OUTLOOK: Despite the increase in the foreign reserve in June to US\$39 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.

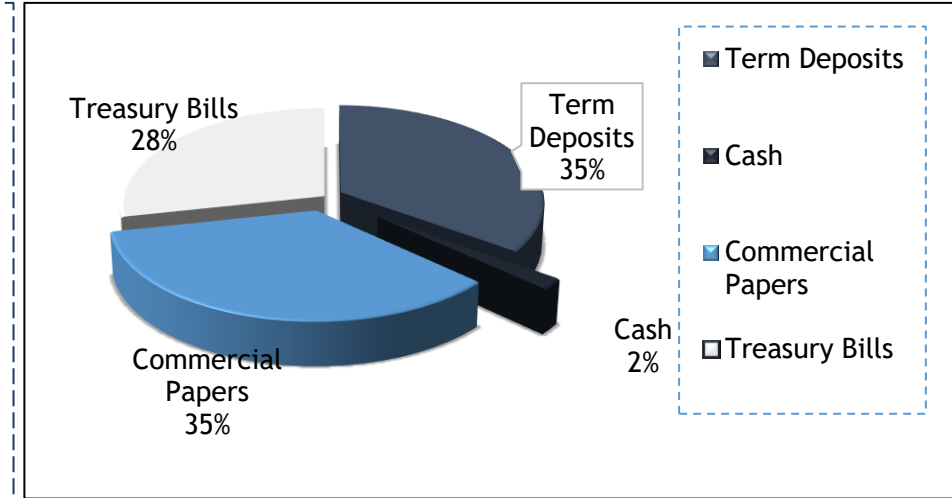
FUND INFORMATION

| | |
|---------------------------|---------------------------------------|
| 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 (2.50%) |
| Dividend Frequency | Quarterly |
| 6-year Annual Growth Rate | 9.65% |
| Dealing Days | Monday - Friday |
| NAV per unit (NGN) | NGN 10.00 |

PERFORMANCE REVIEW:

At The end of the month, the Treasury Bill market saw 365-day PMA rate closing at 6.07%. This is only indication, as investors are advised to watch the market for trends in the coming weeks.

Following the CBN decision to increase the MPR by 150 basis point to 13%, the money market fund yield has improved mildly by 40 basis points (40 bps). The Fund Manager still maintains strategic positions to improve yields trends.



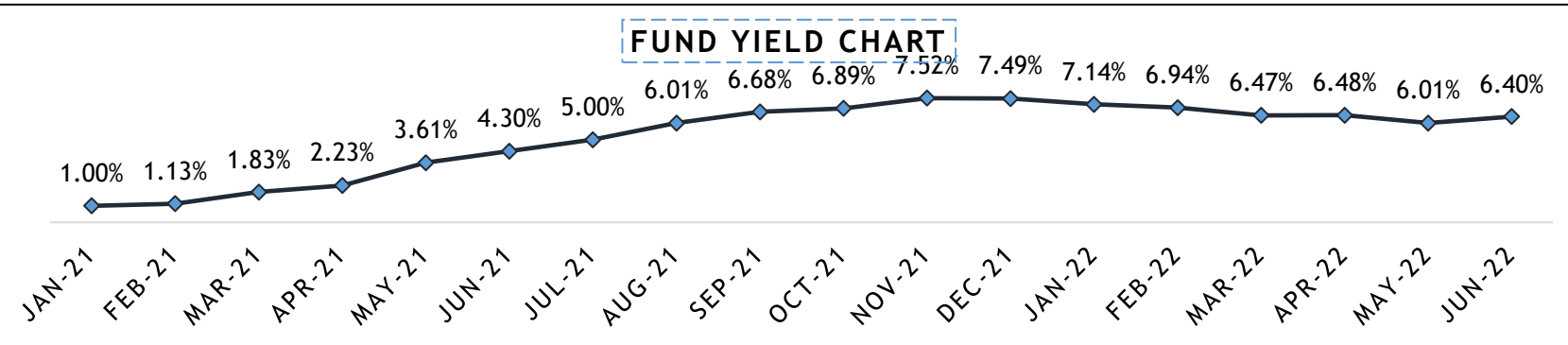
| ASSET QUALITY (% TOTAL ASSETS) | May-22 | Jun-22 |
|--------------------------------|--------|--------|
| Term Deposits | 30.09 | 34.91 |
| Cash | 0.91 | 1.86 |
| Commercial Papers | 36.63 | 34.87 |
| Treasury Bills | 32.37 | 28.36 |

INVESTMENT COMMITTEE

| | |
|----------------------|--------------------------|
| Mr. Sam Onukwue | Chairman |
| Mr. Sina Alimi | Member |
| Mr. Bunkaya Gana | Trustee's Representative |
| Mr. Bamidele Ige | Fund Manager |
| Mr. Oluwaseun Olaoye | Member |
| Mrs Taiwo Sonola | Custodian |

FUND RETURNS

| | May-22 | Jun-22 |
|-------------------|--------|--------|
| Current Yield | 6.01% | 6.40% |
| Inception to Date | 71.87% | 72.58% |



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

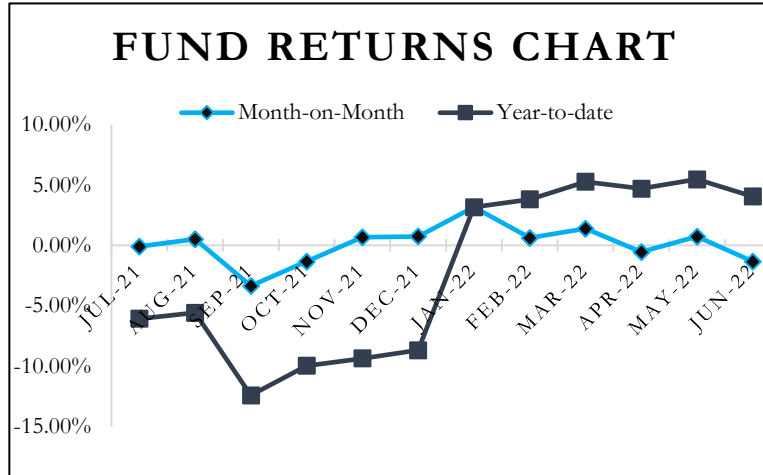
| | |
|---------------------------|--------------------------------|
| Fund type | Open-ended |
| Category | Fixed Income Fund |
| Risk profile | Moderate |
| Launch date | 27-Jul-16 |
| Fund Manager | PAC Asset Management Limited |
| Trustees | Greenwich Trustees Limited |
| Custodian | UBA Global Investor Services |
| Auditor | BDO Professional Services |
| Management Fee | 1% of NAV |
| Benchmark | 5-year Nigerian Sovereign Bond |
| Dividend Frequency | Annual |
| 5-Year Annual Growth Rate | 7.01% |
| Dealing Days | Monday - Friday |
| NAV per unit (NGN) | NGN 11.63 |

INVESTMENT COMMITTEE

| | |
|----------------------|--------------------------|
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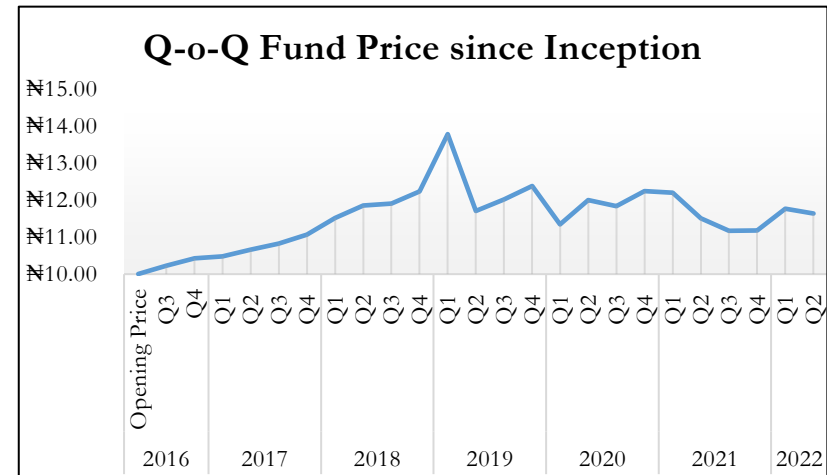
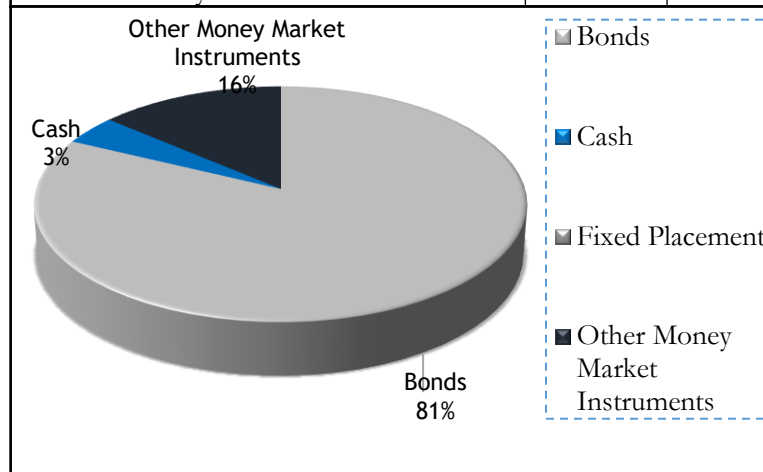
FUND RETURNS

| | May-22 | Jun-22 |
|-------------------|--------|--------|
| Month-on-Month | 0.73% | -1.34% |
| Year-to-date | 5.48% | 4.07% |
| Inception-to-date | 53.37% | 51.78% |



ASSET QUALITY (% TOTAL ASSETS)

| | May-22 | Jun-22 |
|--------------------------------|--------|--------|
| Bonds | 82.12 | 80.90 |
| Cash | 4.19 | 3.42 |
| Other Money Market Instruments | 13.69 | 15.67 |



PERFORMANCE REVIEW:

In the secondary bond market, the average bond yield rose by 26 bps as it closed at 8.94% in June 2022, compared to 8.68% recorded in May 2022. During the month, the 1-year, 2-year, 5-year and 8-year bonds traded at 5.84% (0.99%), 8.02% (0.45%), 10.69% (-0.30%) and 11.22% (-0.09%) respectively.

The Fund saw a decrease in NAV price due to increasing 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

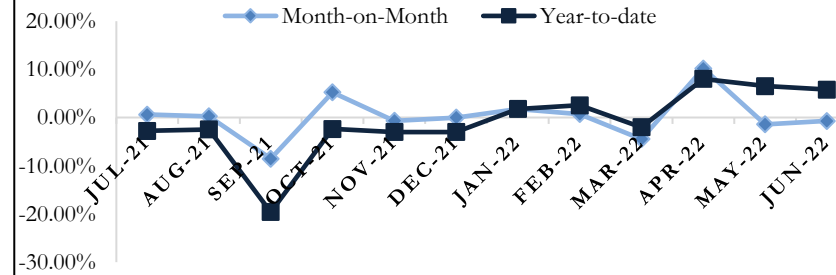
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|---------------------------|------------------------------------------------------------------------------------------------------|
| Fund type | Open-ended |
| Category | Balanced Fund |
| Risk profile | Moderate |
| Launch date | 15-May-15 |
| Fund 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 | 12.63% |
| Dealing Days | Monday – Friday |
| NAV per unit (NGN) | NGN 1.70 |

INVESTMENT COMMITTEE

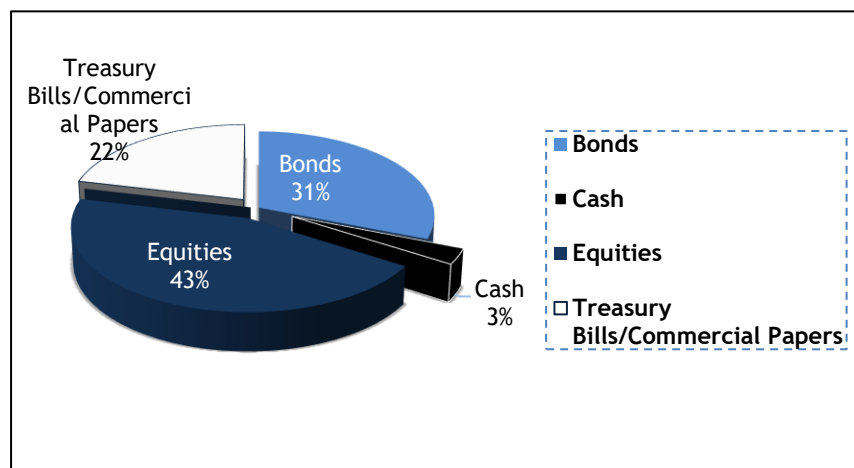
| | |
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| Mr. Sam Onukwue | Chairman |
| Mr. Sina Alimi | Member |
| Mr. Bunkaya Gana | Trustee's Representative |
| Mr. Bamidele Ige | Fund Manager |
| Mr. Oluwaseun Olaoye | Member |
| Mrs Taiwo Sonola | Custodian |

| | May-22 | Jun-22 |
|-------------------|---------|---------|
| Month-on-Month | -1.38% | -0.68% |
| Year-to-date | 6.57% | 5.84% |
| Inception-to-date | 123.25% | 122.06% |

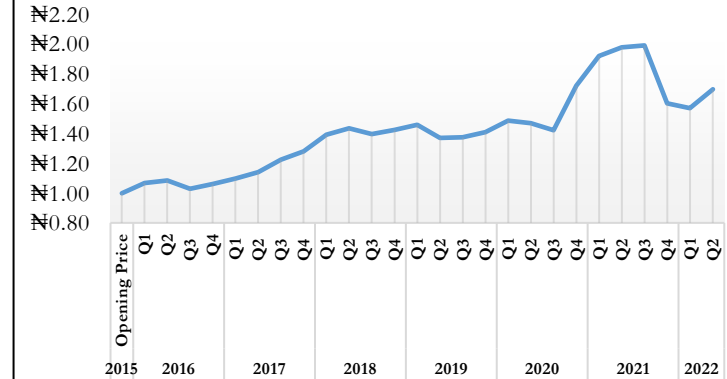
FUND RETURNS CHART



| ASSET QUALITY (% TOTAL ASSETS) | May-22 | Jun-22 |
|----------------------------------|--------|--------|
| Bonds | 30.94 | 31.34 |
| Cash | 3.04 | 4.21 |
| Equities | 44.73 | 42.98 |
| Treasury Bills/Commercial Papers | 21.29 | 21.47 |



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 increase in the MPR rate announced earlier 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 | 19.14% |
| Dealing Days | Monday - Friday |
| NAV per unit (NGN) | NGN 1.50 |

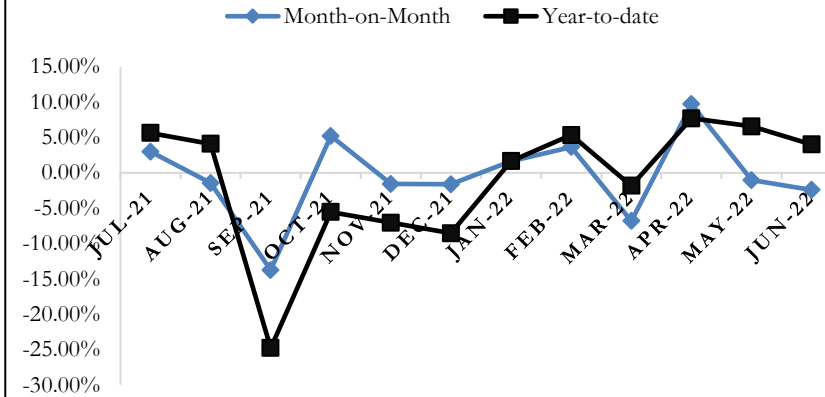
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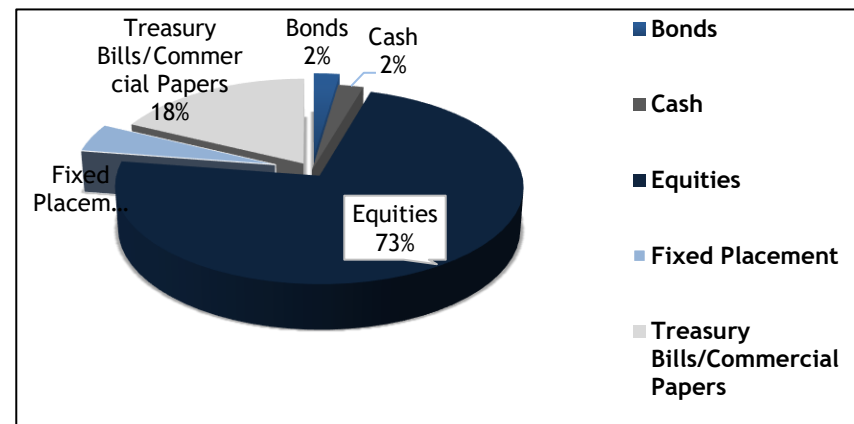
FUND RETURNS

| | May-22 | Jun-22 |
|-------------------|--------|--------|
| Month-on-Month | -1.04% | -2.41% |
| Year-to-date | 6.58% | 4.01% |
| Inception-to-date | 76.99% | 73.28% |

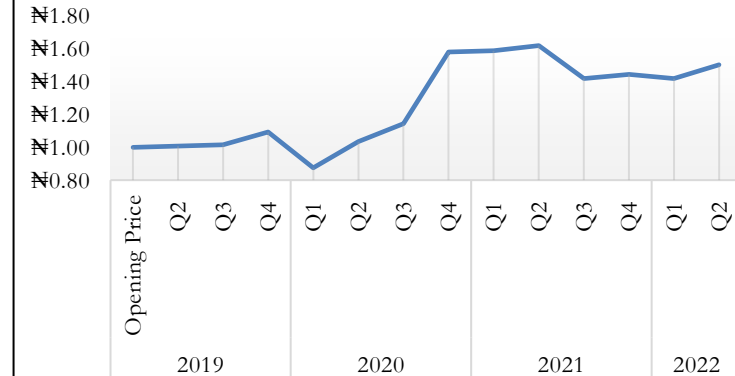
FUND RETURNS CHART



| ASSET QUALITY (% TOTAL ASSETS) | May-22 | Jun-22 |
|----------------------------------|--------|--------|
| Bonds | 2.31 | 2.32 |
| Cash | 2.25 | 1.97 |
| Equities | 72.85 | 72.78 |
| Fixed Placement | 4.78 | 4.93 |
| Treasury Bills/Commercial Papers | 17.82 | 18.01 |



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

Nigerian equities market plunged in June as the NGX All-Share Index and Market Capitalization both depreciated by 2.21% to 51,817.59 and ₦27.94 trillion respectively.

The fund witnessed significant NAV decrease due to selloffs, as investors sought for safer investments following the increased MPR. We expect the level of activities to slow in July on profit-taking from the rallies in June. Also, investors are expected to migrate to the fixed-income market in July 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

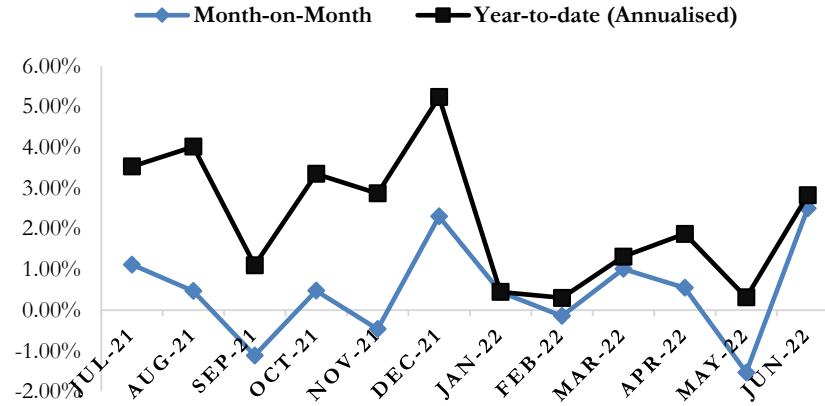
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|-------------------------------|------------------------------------|
| Fund type | Open-ended |
| Category | Dollar Denominated Bond Fund |
| Risk profile | Moderate |
| Launch date | 20-May-19 |
| Fund Manager | PAC Asset Management Limited |
| 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 | 6.14% |
| Dealing Days | Monday - Friday |
| NAV per unit (USD) | 118.52 |

INVESTMENT COMMITTEE

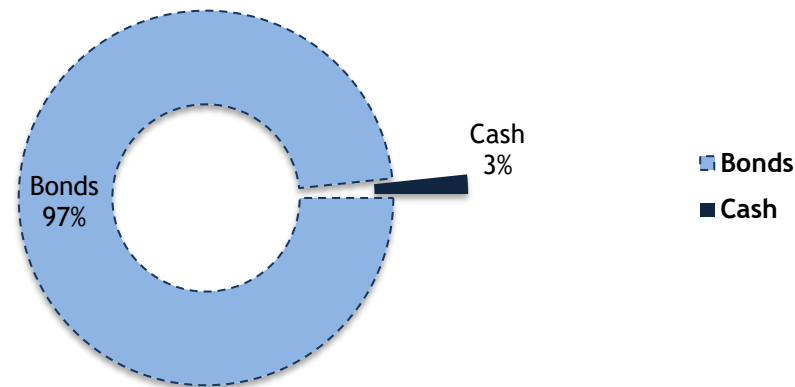
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| Mr. Bunkaya Gana | Trustee's Representative |
| Mr. Bamidele Ige | Fund Manager |
| Mr. Oluwaseun Olaoye | Member |
| Mrs. Taiwo Sonola | Custodian |

| FUND RETURNS | May-22 | Jun-22 |
|---------------------------|--------|--------|
| Month-on-Month | -1.53% | 2.50% |
| Year-to-date (Annualised) | 0.31% | 2.82% |
| Inception-to-date | 18.55% | 20.24% |

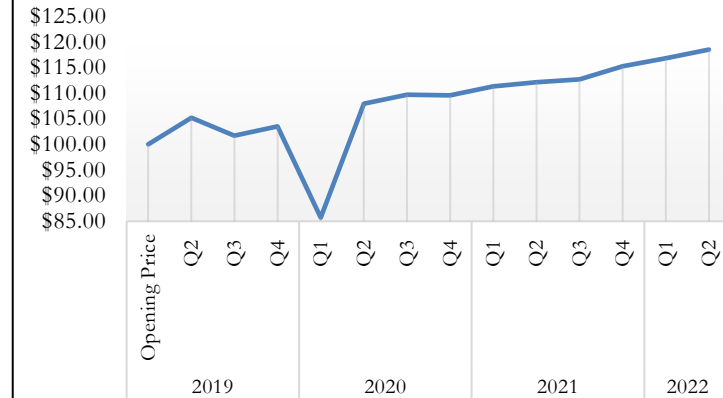
FUND RETURNS CHART



| ASSET QUALITY (% TOTAL ASSETS) | May-22 | Jun-22 |
|--------------------------------|--------|--------|
| Bonds | 98.33 | 97.35 |
| Cash | 1.67 | 2.65 |



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

The month saw asset prices rebound 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

| Fund Prices: | Mar-22 | Jun-22 | % Change |
|-------------------------|----------|----------|----------|
| PACAM Balanced Fund | ₦1.71 | ₦1.70 | -0.58% |
| PACAM Fixed Income Fund | ₦11.79 | ₦11.63 | -1.36% |
| PACAM Money Market Fund | ₦10.00 | ₦10.00 | |
| PACAM Equity Fund | ₦1.54 | ₦1.50 | -2.60% |
| PACAM Eurobond Fund | \$115.63 | \$118.52 | 2.50% |

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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RC695281

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- Your Asset Manager of Choice.