



PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.

May 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 90 basis points (bps) to 16.82% in April 2022 (March 2022: 15.92%). This was driven by accelerated core and food inflation which rose by 14.18% and 18.37% respectively on the rise in global energy costs and a disrupted supply chain.

CRUDE OIL: The average price of Brent crude oil increased by 5.70% to \$111.96 per barrel in May 2022 (April 2022: \$105.92). This is driven by the limited supply as buyers continued to ignore barrels from Russia 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. On the flip side, the inflation rate is expected to sustain an uptrend in the month ahead due to insecurity in food-producing states, election spending, high energy cost, and weak local currency. The supply gap in the Crude Oil market, caused by the ongoing war in Ukraine, is expected to support the Brent above US\$100 in the coming month.

EQUITIES MARKET OVERVIEW

Nigerian equities market surged in May as the NGX All-Share Index and Market Capitalization both appreciated by 6.75% to 52,990.28 and ₦28.57 trillion respectively. The three top gainers during the month were MCNICHOLS (+182.86%), CADBURY (+72.68%), and ABBEYBDS (+60.71%). The Year-to-Date (YtD) and the Quarter-to-Date (QtD) returns stood at +24.05% and +12.83% respectively.

OUTLOOK: We expect the level of activities to slow in June on profit-taking from the rallies in May. Also, investors are expected to migrate to the fixed-income market in June as they seek higher yields as the MPR raised is expected to show a lagged impact on yields.

BOND MARKET OVERVIEW

In the **secondary bond market**, the average bond yield rose by 2 bps as it closed at 8.68% in May 2022, compared to 8.66% recorded in April 2022. During the month, the 1-year, 2-year, 5-year and 8-year bonds traded at 4.85% (0.27%), 7.57% (-0.23%), 10.99% (0.19%) and 11.31% (-0.16%) respectively.

In the **primary bond market**, the average yield increased by 2 bps in May as the marginal rate for a longer tenure of FGN MAR 2025, FGN APR 2032, and FGN JAN 2042 closed at 10% (Apr: 10%), 12.45% (Apr: 12.50%) and 13% (Apr: 12.90%) respectively.

OUTLOOK: We may continue to see an increase in yields in the bond market in June due to an upward adjustment in Monetary Policy Rate (MPR) from 11.5 percent to 13%.

FOREIGN EXCHANGE MARKET OVERVIEW

On the Investors and Exporters Window, the naira depreciated by 27 kobo in May 2022 as the exchange rate closed the month at ₦415.84/\$ (April 2022: ₦415.57/\$).

OUTLOOK: The naira weakened in May as demand for the greenback surged on increasing election activities. Also, Nigerian forex reserves dipped 2.02% in May to US\$38.88 billion on increasing pressure on the naira. While CBN will continue to defend the Nigerian currency; low oil output and increasing demand for forex will be 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	9.71%
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. Oluwaseun Olaoye	Member
Mrs Taiwo Sonola	Custodian

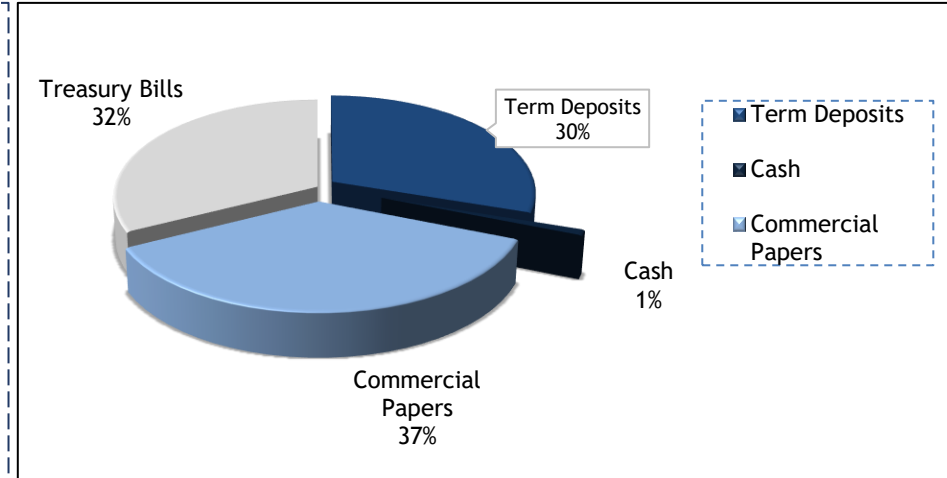
FUND RETURNS

	Apr-22	May-22
Current Yield	6.48%	6.01%
Inception to Date	71.18%	71.87%

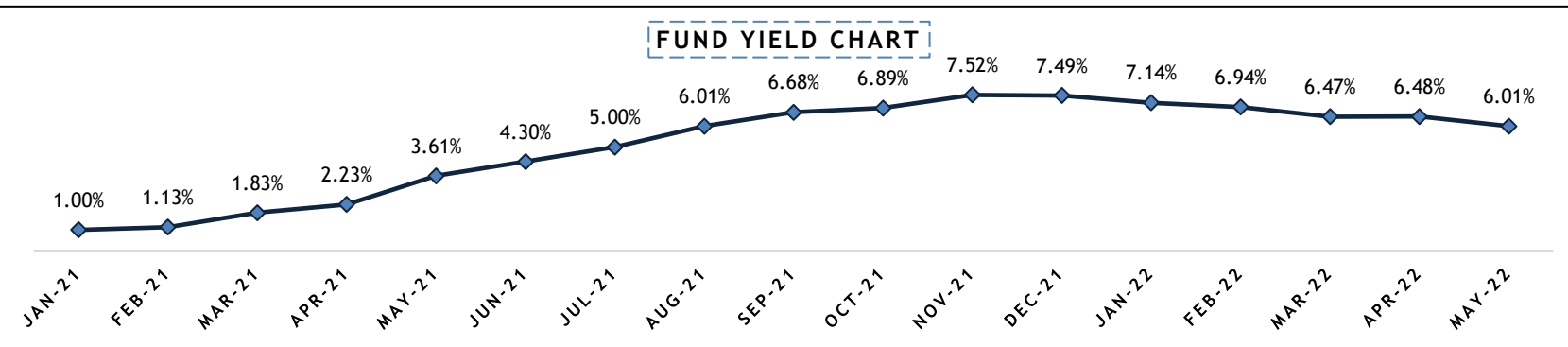
PERFORMANCE REVIEW:

The Treasury Bill market saw an instant reaction to the increase in MPR, which saw a 365-day PMA closing at 6.49%. This is only indication, as investors are advised to watch the market for trends in the coming weeks.

Despite the improved MPR, the money market fund yield declined by 47 basis point (47 bps). The Fund Manager still maintains strategic positions vis a vis liquidity needs, to optimize yields amidst uncertainty in the investment industry.



ASSET QUALITY (% TOTAL ASSETS)	Apr-22	May-22
Term Deposits	30.96	30.09
Cash	2.99	0.91
Commercial Papers	38.66	36.63
Treasury Bills	27.39	32.37



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	7.29%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 11.79

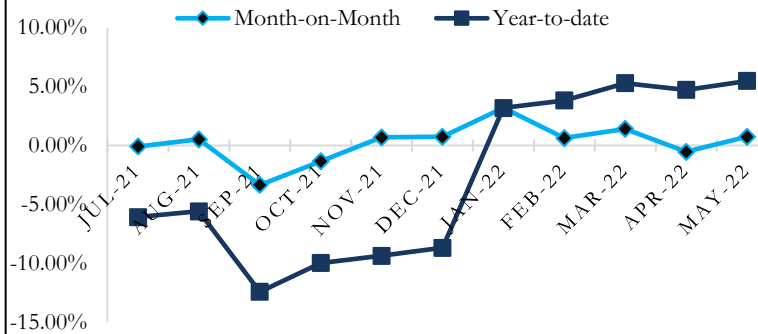
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FUND RETURNS

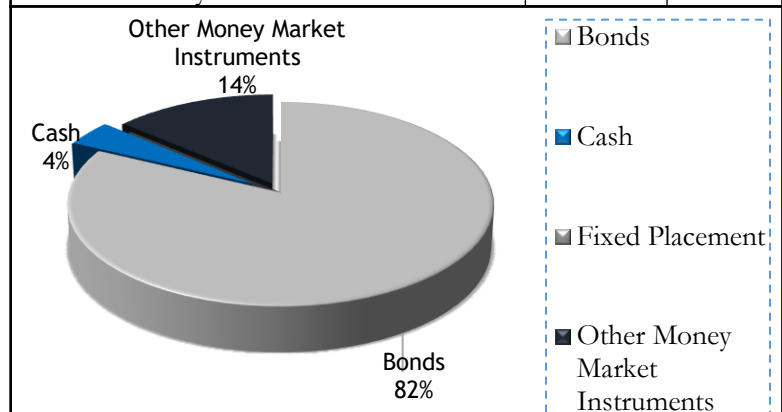
	Apr-22	May-22
Month-on-Month	-0.54%	0.73%
Year-to-date	4.72%	5.48%
Inception-to-date	52.51%	53.37%

FUND RETURNS CHART

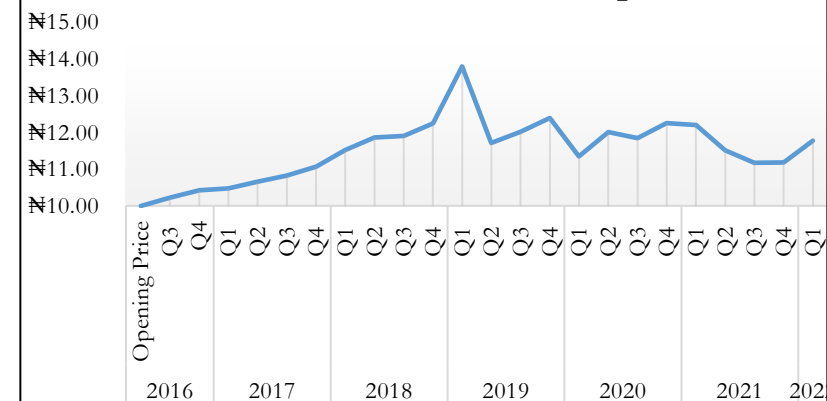


ASSET QUALITY (% TOTAL ASSETS)

	Apr-22	May-22
Bonds	82.15	82.12
Cash	4.09	4.19
Other Money Market Instruments	13.76	13.69



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

In the secondary bond market, the average bond yield rose by 2 bps as it closed at 8.68% in May 2022, compared to 8.66% recorded in April 2022. During the month, the 1-year, 2-year, 5-year and 8-year bonds traded at 4.85% (0.27%), 7.57% (-0.23%), 10.99% (0.19%) and 11.31% (-0.16%) respectively.

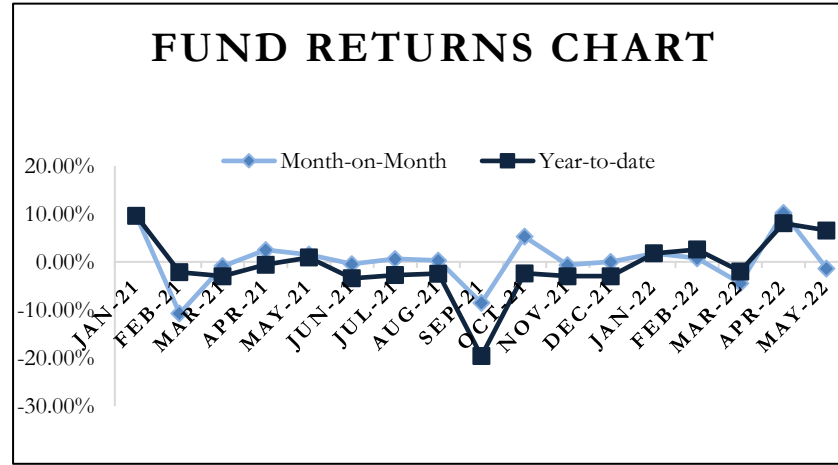
Following the general industry trend in the Fixed Income space the fixed Income fund yield saw a Y-T-D increase of 76 basis point (73 bps). The Fund Manager is committed to ensuring the Fund's Portfolio is well diversified and strategic to ensure good returns.

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.

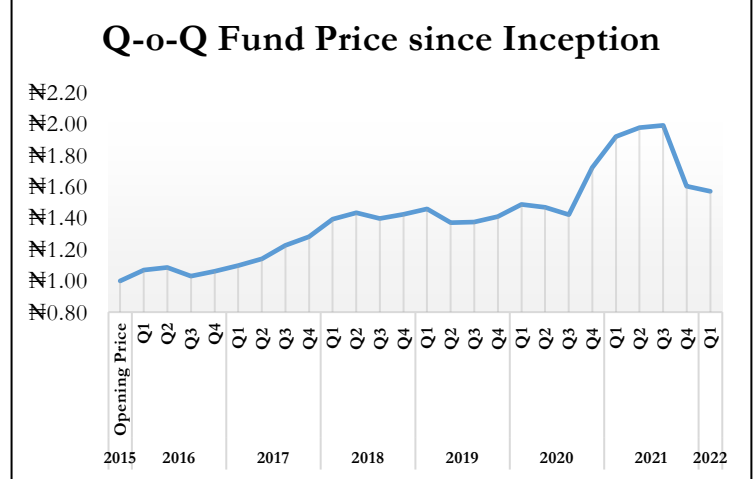
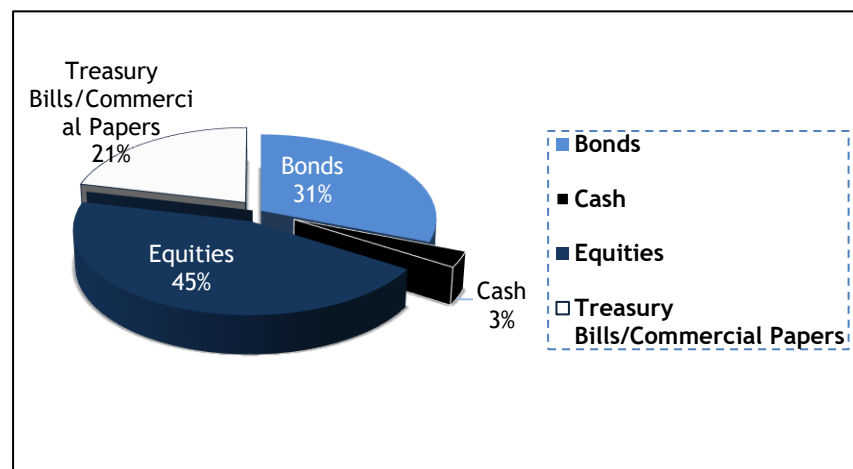
FUND INFORMATION	
Fund type	Open-ended
Category	Balanced Fund
Risk profile	Moderate
Launch date	15-May-15
Fund Manager	PAC Asset Management Limited
Trustees	FBN Trustees Limited
Custodian	UBA Global Investor Services
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	Composite index comprising of NSE ASI, 5-Year Nigerian Sovereign Bond, 1-Year Nigerian Treasury Bill
Dividend Frequency	Annual
6-Year Annual Growth Rate	13.09%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 1.71

INVESTMENT COMMITTEE	
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Mrs Taiwo Sonola	Custodian

	Apr-22	May-22
Month-on-Month	10.23%	-1.38%
Year-to-date	8.06%	6.57%
Inception-to-date	125.71%	123.25%



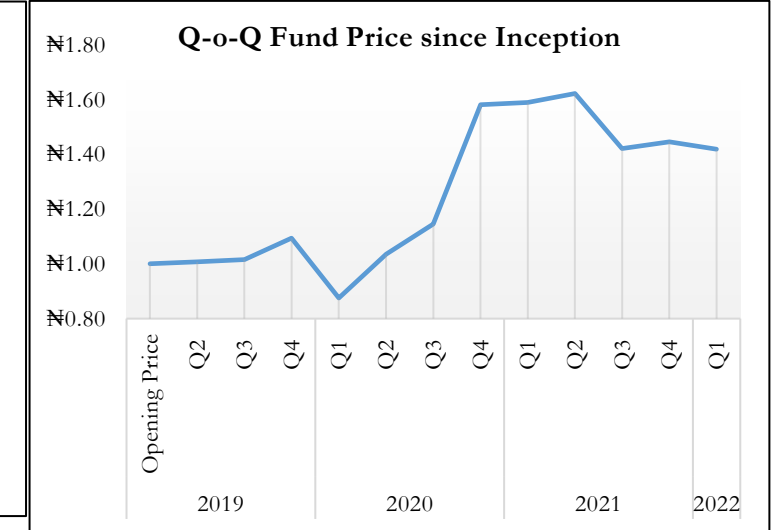
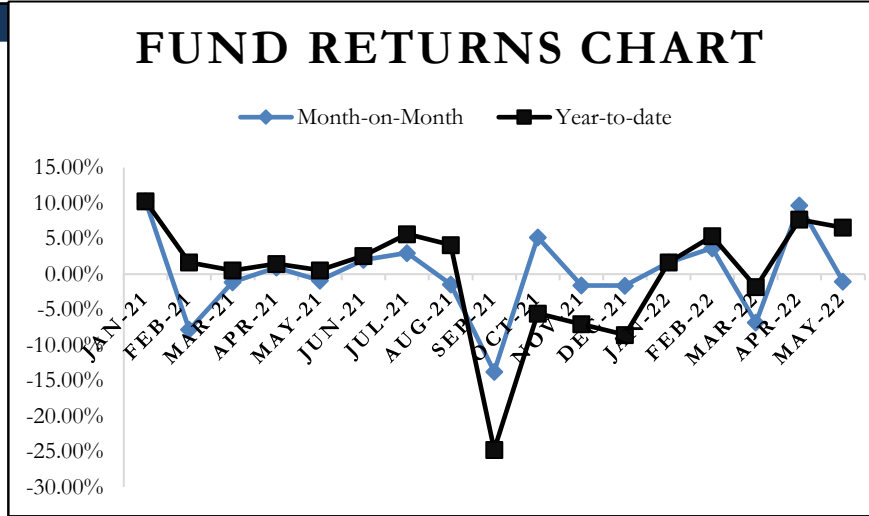
ASSET QUALITY (% TOTAL ASSETS)	Apr-22	May-22
Bonds	30.27	30.94
Cash	5.63	3.04
Equities	47.03	44.73
Treasury Bills/Commercial Papers	17.06	21.29



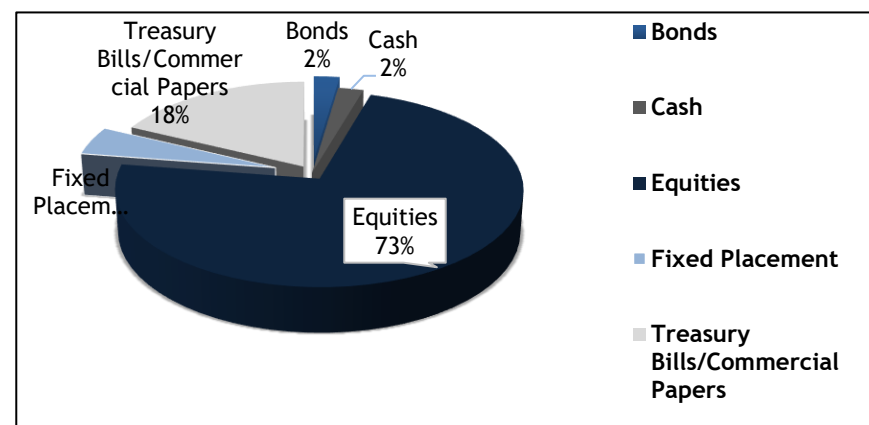
PERFORMANCE REVIEW:
 The fund NAV witnessed M-o-M decrease as equity investors sought for a safer haven after the CBN announced an increase in the MPR. The Equity market saw massive selloffs at the end of the month. We anticipate further selloffs, and market corrections.
 The fund is well diversified 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	BDO Professional Services
Management Fee	1% of NAV
Benchmark	NSE All Share Index
Dividend Frequency	Annual
Compounded Annual Growth Rate	19.68%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN1.54



ASSET QUALITY (% TOTAL ASSETS)	Apr-22	May-22
Bonds	2.25	2.31
Cash	2.46	2.25
Equities	76.45	72.85
Fixed Placement	4.70	4.78
Treasury Bills/Commercial Papers	14.14	17.82



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Mrs. Taiwo Sonola	Custodian

FUND RETURNS	Apr-22	May-22
Month-on-Month	9.71%	-1.04%
Year-to-date	7.70%	6.58%
Inception-to-date	78.62%	76.99%

PERFORMANCE REVIEW:

Nigerian equities market surged in May as the NGX All-Share Index and Market Capitalization both appreciated by 6.75% to 52,990.28 and ₦28.57 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 June on profit-taking from the rallies in May. Also, investors are expected to migrate to the fixed-income market in June 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	BDO Professional Services
Management Fee	1% of NAV
Benchmark	5-Year Nigerian sovereign Eurobond
Dividend Frequency	Annual
Compounded Annual Growth Rate	5.50%
Dealing Days	Monday - Friday
NAV per unit (USD)	\$ 115.63

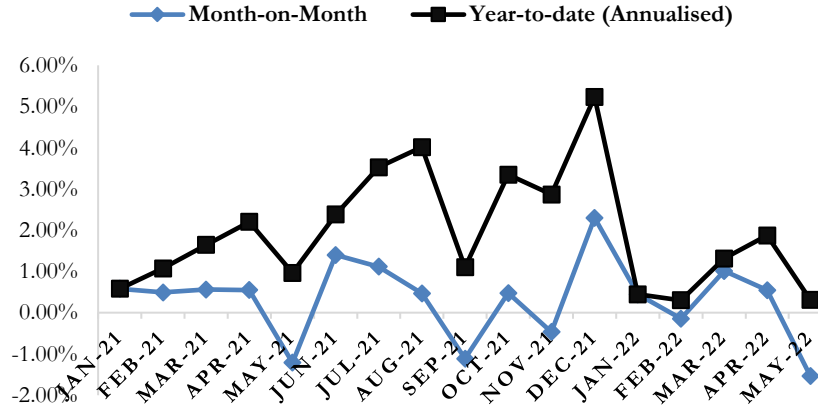
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FUND RETURNS

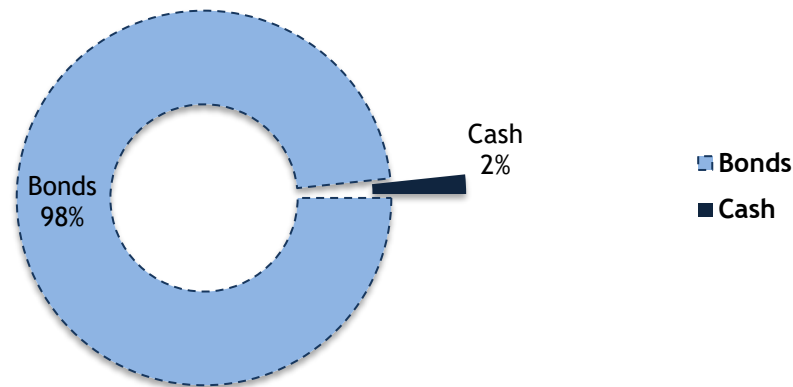
	Apr-22	May-22
Month-on-Month	0.55%	-1.53%
Year-to-date (Annualised)	1.87%	0.31%
Inception-to-date	20.35%	18.55%

FUND RETURNS CHART

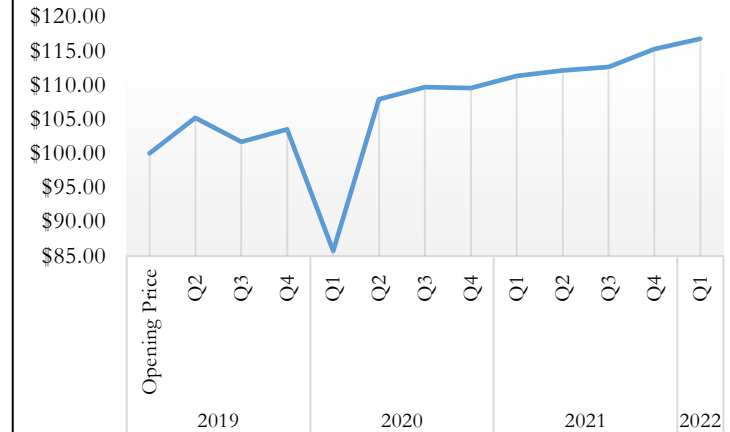


ASSET QUALITY (% TOTAL ASSETS)

	Apr-22	May-22
Bonds	98.24	98.33
Cash	1.76	1.67



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

As a result of the Russia-Ukraine crises and the resultant prices, the month saw asset prices trade at a significant discount in the Eurobond space which led to a decline 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:	Apr-22	May-22	% Change
PACAM Balanced Fund	₦1.73	₦1.71	-1.16%
PACAM Fixed Income Fund	₦11.70	₦11.79	0.77%
PACAM Money Market Fund	₦10.00	₦10.00	
PACAM Equity Fund	₦1.56	₦1.54	-1.28%
PACAM Eurobond Fund	\$117.43	\$115.63	-1.53%

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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- Your Asset Manager of Choice.