



PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.

Monthly Fund Manager's Report – October 2022

October 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 output contracted by 11.77% despite the increase in global oil prices.

INFLATION: Nigeria's inflation increased by 32 basis points to 21.09% in October 2022 (September 2022: 20.77%) driven by accelerated core and food inflation which rose by 17.60% and 23.34% respectively. The increase in the headline index was driven by disruption in the supply of food products, weakening naira, general increase in the cost of production and insecurities in the food-producing regions.

CRUDE OIL: The average price of Brent crude increased by 7.75% to \$93.59 per barrel in October 2022 (September 2022: \$90.57), driven largely by the weakening US dollar as well as supply worries driven by cut in OPEC's production output.

OUTLOOK: The efforts of monetary and fiscal authorities to stabilize Nigeria's economy and position the country's aggregate output on a sustainable growth path is expected to support the country's GDP growth in coming quarters. While the inflation rate is expected to maintain uptrend in the short term; we opine that the increasing key interest rate by the apex bank will slow the headlines index in the medium term.

EQUITIES MARKET OVERVIEW

The bears dominated the Nigerian bourse in October as the NGX All-Share Index and Market Capitalization depreciated by 10.58% and 9.73% to 43,839.08 and ₦23.88 trillion, respectively. The three top gainers during the month were BUACEMENT (+34.62%), MULTIVERSE (+25.20%) and FIDELITYBK (+14.13%). The Year-to-Date (YtD) and the Quarter-to-Date (QtD) returns stood at +2.63% and -10.58% respectively.

OUTLOOK: The equities market depreciated significantly in the month of October as investors migrated their assets to fixed income market due to the attractive yields. In coming month, we expect bargain hunter to start patronizing the country's equities as most of the valued stocks are currently trading below their intrinsic value.

BOND MARKET OVERVIEW

In the secondary bond market, the average yield rose by 102 basis points as it closed at 13.68% in October 2022, compared to 12.66% recorded in September 2022. During the month, the 2-year, 4-year, 6-year and 8-year bonds traded at 14.44% (+2.34%), 14.8% (+1.10%), 14.4% (0.65%) and 14.8% (+1.46%) respectively.

In the primary bond market, the average yield increased by 107 basis points in October as marginal rates such as FGN MAR 2032 and FGN APR 2037 closed at 15.00% (Sept: 13.85%) and 16.00% (Sept: 14.50%) respectively.

OUTLOOK: With continuous attractive yields in fixed income, we expect the upward trend to continue in the month of October as investors continue to mobilize their assets into the fixed income space.

FOREIGN EXCHANGE MARKET OVERVIEW

On the Investors and Exporters Window, naira depreciated further by ₦5.43 in October 2022 as the exchange rate closed the month at ₦443/\$ (September 2022: ₦ 437.57/\$).

OUTLOOK: In October, the naira weakened further on shortage of dollar in the country's forex market. In the short term, we expect the redesigning and reissuing of the higher denominations of the country's currency to fuel increasing demand for the greenback and the attendant naira depreciation. In the medium term, we expect the efforts of Nigeria's apex bank to support the country's currency to result in the stability of 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 (6.5%)
Dividend Frequency	Quarterly
6-year Annual Growth Rate	9.52%
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

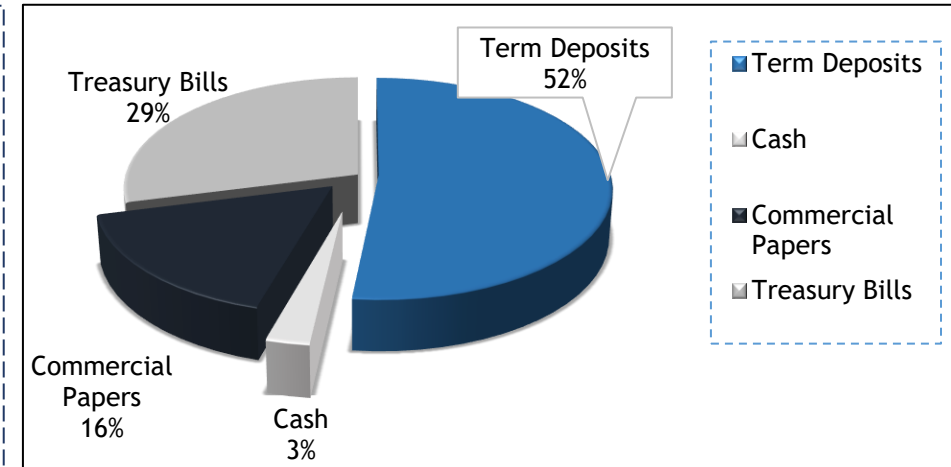
FUND RETURNS

	Sep-22	Oct-22
Current Yield	9.39%	9.40%
Inception to Date	74.53%	76.74%

PERFORMANCE REVIEW:

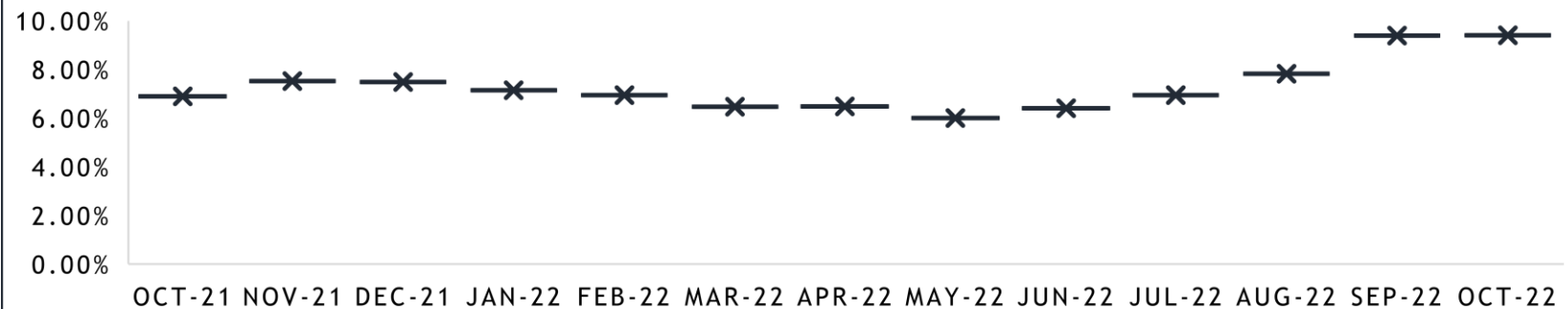
The fixed income market saw expansion in yields during the month as the money market fund yield inched up slightly vis-à-vis significant redemptions during the month under review. The Fund Manager still maintains strategic positions to improve yields trends in coming months.

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



ASSET QUALITY (% TOTAL ASSETS)	30-Sep-22	31-Oct-22
Term Deposits	43.94	51.79
Cash	4.11	2.63
Commercial Papers	20.64	16.60
Treasury Bills	31.31	28.98

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

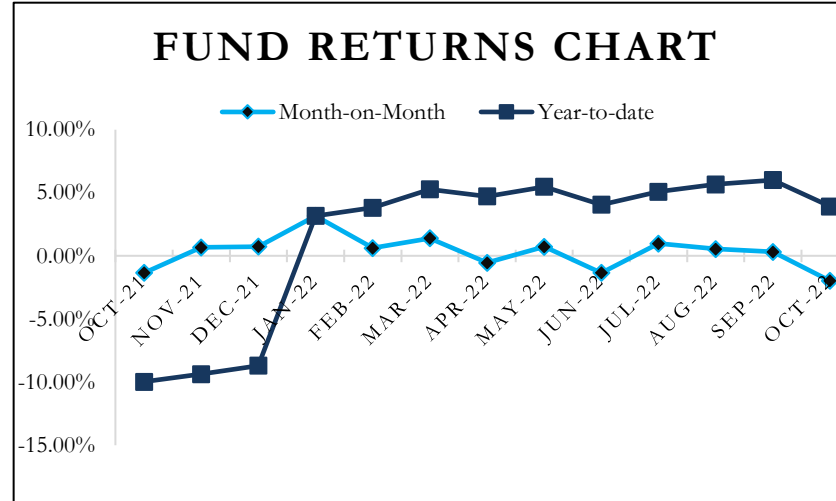
Fund type	Open-ended
Category	Fixed Income Fund
Risk profile	Moderate
Launch date	27-Jul-16
Fund Manager	PAC Asset Management Limited
Trustees	Greenwich Trustees Limited
Custodian	UBA Global Investor Services
Auditor	BDO Professional Services
Management Fee	1% of NAV
Benchmark	5-year Nigerian Sovereign Bond
Dividend Frequency	Annual
5-Year Annual Growth Rate	6.61%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 11.62

INVESTMENT COMMITTEE

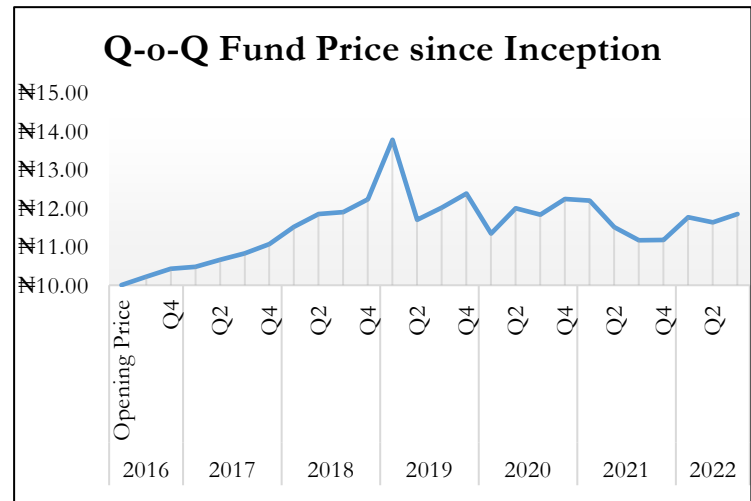
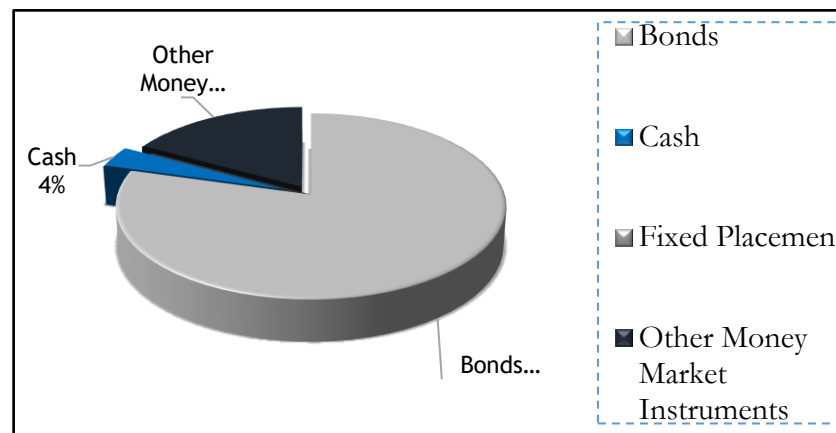
Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr. Bunkaya Gana	Trustee's Representative
Mr. Bamidele Ige	Fund Manager
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

FUND RETURNS

	Sep-22	Oct-22
Month-on-Month	0.32%	-1.97%
Year-to-date	6.01%	3.93%
Inception-to-date	53.96%	51.63%



ASSET QUALITY (% TOTAL ASSETS)	Sep-22	Oct-22
Bonds	77.81	79.39
Cash	5.22	3.63
Fixed Placement	-	-
Other Money Market Instruments	16.97	16.98



PERFORMANCE REVIEW:

Mark-to-Market effects resulting from rapidly expanding Fixed Income yields drove fund performance to negative territory at 1.97% return within the month.

Fresh inflows and cash flows from maturities in coming weeks will help mute mark-to-market effects as the fund takes new positions.

We encourage investors to increase their investments for better 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	11.44%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.63

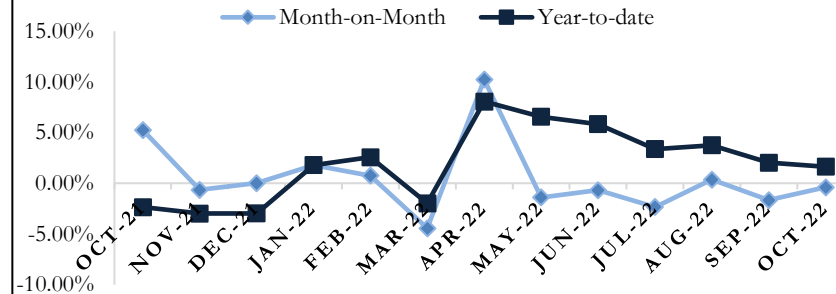
INVESTMENT COMMITTEE

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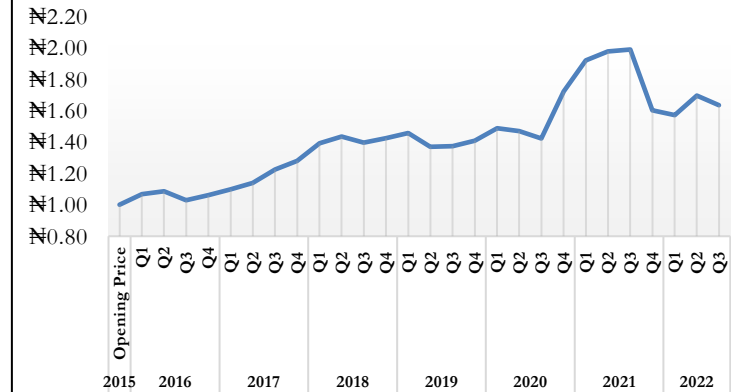
FUND RETURNS

	Sep-22	Oct-22
Month-on-Month	-1.65%	-0.39%
Year-to-date	2.04%	1.64%
Inception-to-date	115.77%	115.11%

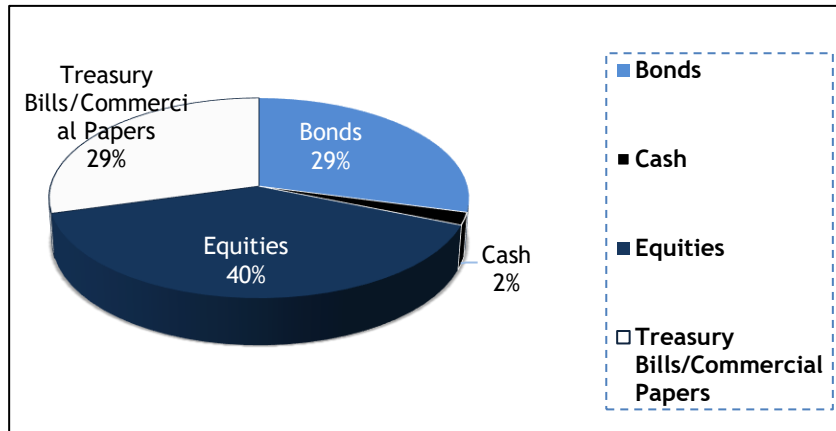
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Sep-22	Oct-22
Bonds	28.62	29.13
Cash	9.88	2.02
Equities	40.92	39.54
Treasury Bills/Commercial Papers	20.59	29.31



PERFORMANCE REVIEW:

The negative performance of 0.39% was occasioned by general decline in equities value on one hand, and decline in bond values due to rapidly expanding yields on the other hand, both being mark-to-market effects.

Investors are advised to take advantage of the current cheap valuation of assets to consolidate their holdings in the fund.

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	12.81%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.31

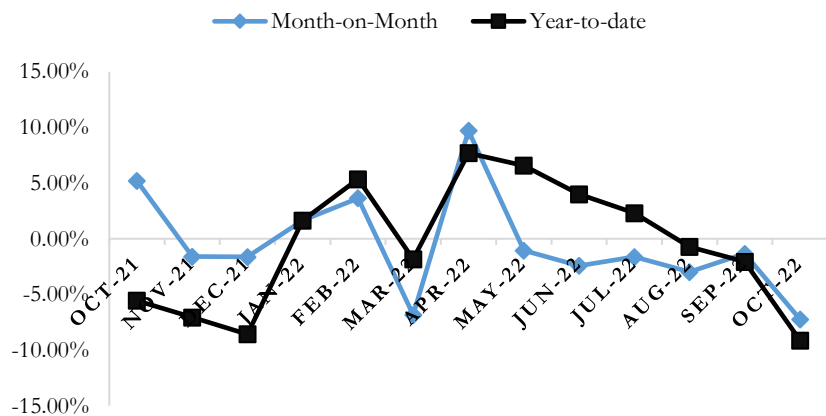
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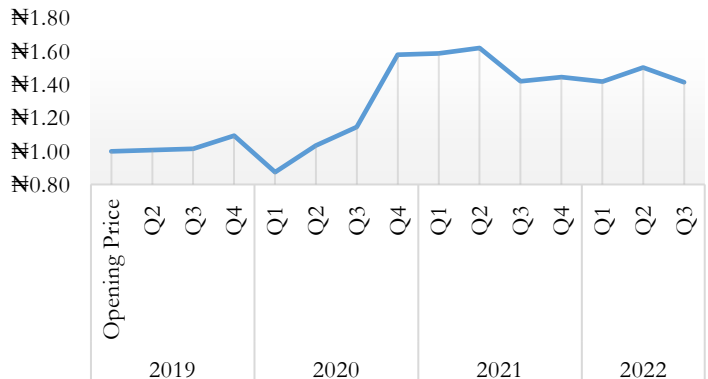
FUND RETURNS

	Sep-22	Oct-22
Month-on-Month	-1.34%	-7.23%
Year-to-date	-2.05%	-9.13%
Inception-to-date	64.52%	54.30%

FUND RETURNS CHART

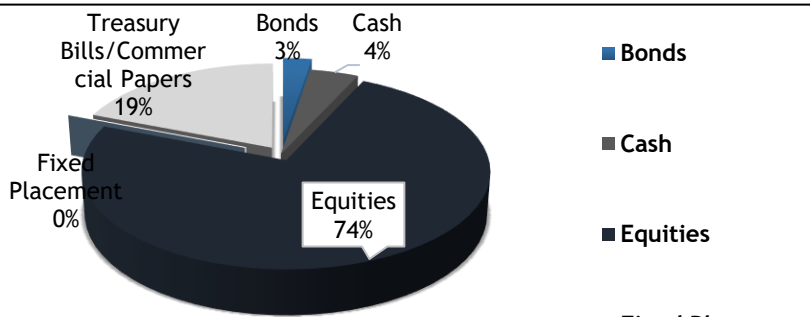


Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)

	Sep-22	Oct-22
Bonds	2.38	2.59
Cash	5.36	4.35
Equities	70.09	73.99
Fixed Placement	5.33	-
Treasury Bills/Commercial Papers	16.84	19.07



PERFORMANCE REVIEW:

Nigerian equities market plunged further in October as the NGX All-Share Index and Market Capitalization both depreciated by 10.58% and 9.73% to 43,839.08 and ₦23.88 trillion, respectively

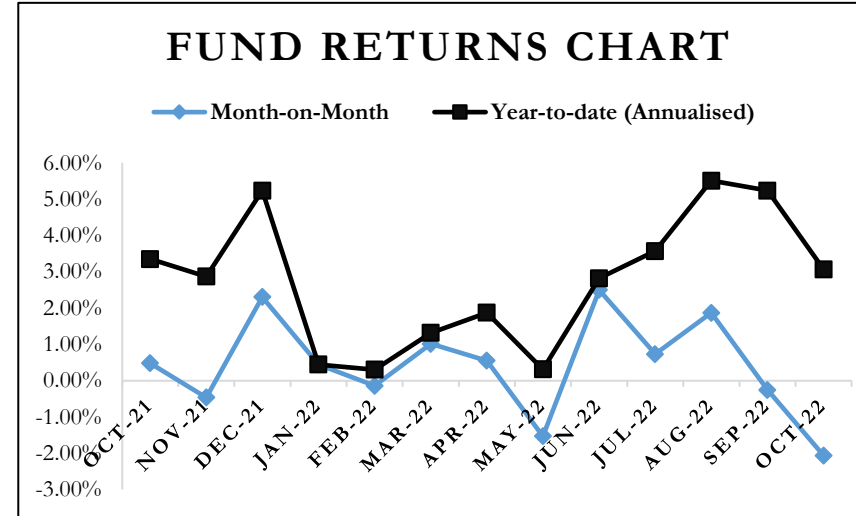
The Equities Market suffered capital flight due to expanding yields in the Fixed Income space and hedging preferences of investors.

From a Contrarian perspective, we encourage investors to increase their stakes in the fund in order to take advantage of the cheap valuation.

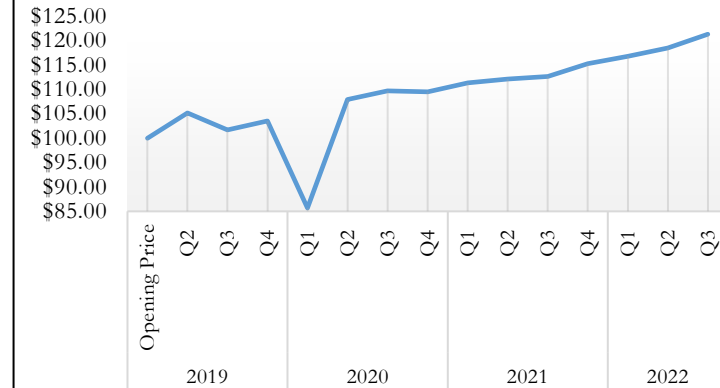
The objective of the Fund is to generate a steady return on capital and assured liquidity for all classes of investors. The Fund's investments will mostly be in dollar-denominated long tenured debt instruments of the FGN, States and highly rated corporate institutions. The Fund may also invest its assets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

FUND INFORMATION

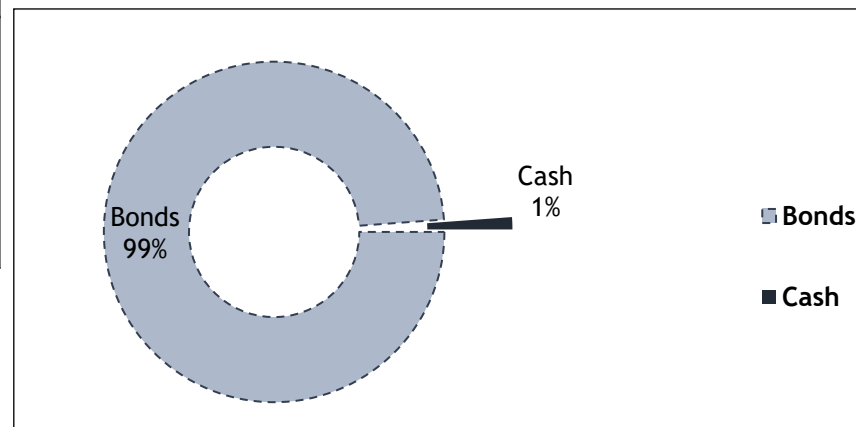
Fund type	Open-ended
Category	Dollar Denominated Bond Fund
Risk profile	Moderate
Launch date	20-May-19
Fund Manager	PAC Asset Management Limited
Trustees	FCMB Trustees Limited
Custodian	UBA Global Investor Services
Auditor	Adekunle Alli & Co.
Management Fee	1% of NAV
Benchmark	5-Year Nigerian sovereign Eurobond
Dividend Frequency	Annual
Compounded Annual Growth Rate	5.62%
Dealing Days	Monday – Friday
NAV per unit (USD)	118.80



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Sept-22	Oct-22
Bonds	95.21	98.84
Cash	4.79	1.16



INVESTMENT COMMITTEE

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Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

FUND RETURNS

	Sep-22	Oct-22
Month-on-Month	-0.26%	-2.06%
Year-to-date (Annualised)	5.24%	3.07%
Inception-to-date	24.23%	21.72%

PERFORMANCE REVIEW:

A mark-down for dividend payable in the fund resulted in an artificial decline of 2.06% in NAV/unit, M-o-M.

The fund saw US Fed rate rise and this resulted in cheaper assets and higher yields, making fresh flows into the space more lucrative.

We recommend that investors take advantage of current cheap valuation to invest in the fund.

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:	Sep-22	Oct-22	% Change
PACAM Balanced Fund	₦1.64	₦1.63	-0.61%
PACAM Fixed Income Fund	₦11.85	₦11.62	-1.98%
PACAM Money Market Fund	₦10.00	₦10.00	
PACAM Equity Fund	₦1.42	₦1.31	-7.75%
PACAM Eurobond Fund	\$121.31	\$118.80	-2.07%

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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