

# Fund Manager's Report

NIGERIA | MUTUAL FUNDS | SEPTEMBER 2021

EQUITY | EUROBOND | BALANCED | MONEY MARKET | FIXED INCOME FUNDS

## Monthly Commentary & Outlook

### EQUITIES MARKET

In September, the bulls dominated the Nigerian equities market as the NGX All-Share Index and Market Capitalization appreciated by 2.55% to 40,221.17 and ₦20.96 trillion respectively. The impressive performance recorded in equities market in the month of September could be attributed to significant gain recorded in Dangote Cement (+14.29%), First Bank (7.33%), among others. The Year-to-Date (YtD) and the Quarter-to-Date (QtD) returns stood at -0.12% and +6.10% respectively. The bullish trend may extend to the month of October as we expect some domestic investors to increase equity portion of their portfolio due to lower yields in the fixed income market. Persistent pressure on the local currency compels caution on the part of FPIs.

### FIXED INCOME MARKET

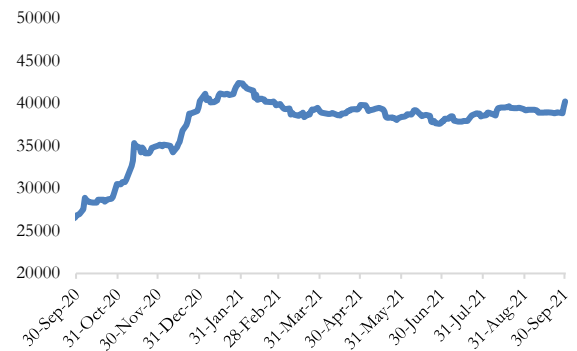
In the secondary bond market, the average market yield decreased by an average of 33 bps as it closed at 9.63% in September, compared to 9.95% recorded in August. The result for the 1-year, 2-year, 3-year, 5-year and 10-year papers traded are 7.50% (+0.29%), 8.51% (-1.24%), 9.14% (-0.92%), 10.96% (-0.14%) and 12.02% (+0.38%) respectively. Also, in the primary bond market, the yields were relatively stable in September as marginal rate for longer tenure of FGN FEB 2028, FGN MAR 2036 and FGN MAR 2050 remained at 11.60% (Aug: 11.60% - FGN FEB 2028), 12.75% (Aug: 12.75% FGN MAR 2035) and 13.00% (Aug: 12.80% - FGN MAR 2050) respectively. Following the successful FGN Eurobond issuance, the value of the local currency and FX supply should experience advancements in the economy. With the desire of the Federal Government of Nigeria to borrow at lower rate to reduce debt service-to-revenue ratio, the yields may decline further across board in the month of October.

### INFLATION

For the fifth consecutive months, inflation rate declined by 37 bps to 17.01% in August (from 17.38% recorded in the month of July), driven mainly by decline in food prices. The composite food index fell by 20.30% in August, which is 73 bps lower than 21.03% recorded in the month of July 2021. Inflation rate may fall further in the month of September as the country continue to enjoy harvest season.

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### NSE All-Share Index 52-wk Movement



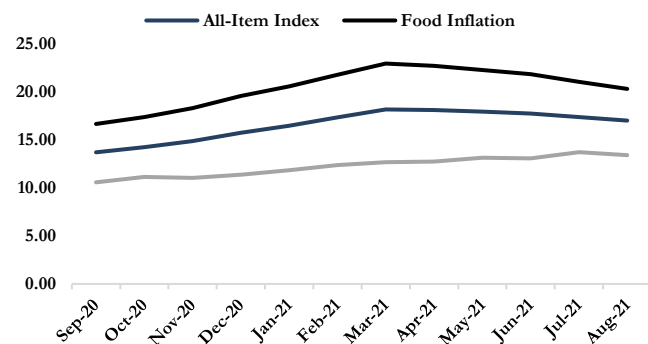
Source: NSE, PAC Research

### FGN Bond Yield

TENOR (SEC. MARKET)	AUG. (%)	SEPT. (%)	CHANGE (%)
1-YEAR	7.21	7.50	0.29
2-YEAR	9.75	8.51	-1.24
3-YEAR	10.06	9.14	-0.92
5-YEAR	11.1	10.96	-0.14
10-YEAR	11.64	12.02	0.38
BOND AUCTION RESULTS			
	AUG. (%)	SEPT. (%)	CHANGE (%)
FGN FEB 2028	11.60	11.60	0.00
FGN MAR 2036	12.75	12.75	0.00
FGN MAR 2050	12.80	13.00	0.20

Source: FMDQ, DMO, PAC Research

### Inflation Rate – Year-on-Year (%)



Source: NBS, PAC Research

## OIL PRICE

The average price of Brent crude oil increased by 6.20% to \$74.88 per barrel in the month of September, when compared to the average oil price of \$70.51 per barrel recorded for the month of August 2021. The increase in the price of crude oil in the month of September could be attributed to the significant improvement in the global economic activities, driven by improved vaccination in various countries. And supply restrictions maintained by OPEC+.

With improved vaccination and intervention of governments to support businesses in various countries, we may see slight increase in the price of crude oil in the global market which supports accretion of FX reserves leading to further strengthening of the local currency in the month of October.

## FOREIGN EXCHANGE MARKET

On Investors and Exporters Window, Naira depreciated marginally by ₦1.88 in the month of September as exchange rate closed at ₦413.38/\$ (August 2021: ₦411.50/\$), despite the significant increase in the country's foreign exchange reserve. The depreciation of Naira during the period could be attributed to speculations and increased demand for dollars in the FX market. We may likely see a slight improvement in the value of Naira, against dollar, in the month of October as we expect the continuous effort of the Central Bank Nigeria to supply dollars to the market to yield positive results.

Crude Oil Price (\$/barrel)



Source: Bloomberg, PAC Research


Foreign Exchange Market

SPOT	AUG (₦)	SEPT. (₦)	CHANGE
USD (I&E Rate)	411.5	413.38	0.46%

\*+Depreciation, -Appreciation


Source: PAC Research

Fund Prices:	31-Aug-21	30-Sep-21	2020 Ex-Div. (Paid out)	% Change (Cum Div.)
PACAM Balanced Fund	₦1.67	₦1.53	₦0.14	-0.24%
PACAM Fixed Income Fund	₦11.56	₦11.17	₦0.45	0.52%
PACAM Money Market Fund	₦10.00	₦10.00	-	-
PACAM Equity Fund	₦1.65	₦1.42	₦0.23	12.41%
PACAM Eurobond Fund	\$113.93	\$112.66	\$1.92	0.57%




# PAC Asset Management

MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.



PAC Asset Management

**PACAM MONEY MARKET FUND(MMF) - FUND MANAGER'S REPORT**

31-Aug-21

**INVESTMENT OBJECTIVE**

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.

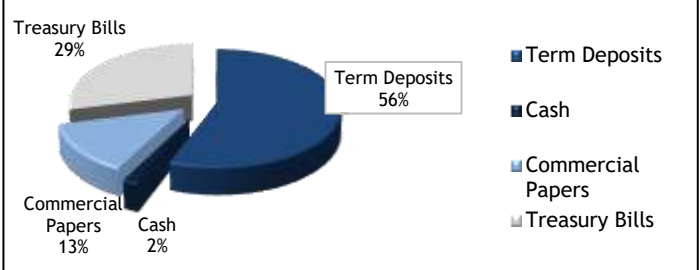
The Fund invests in low-risk short term Money Market securities such as Treasury Bills, Bank Placement, Commercial Papers, and Promissory notes with tenors of 365 days or less.

**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	10.09%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 10.00

**ASSET QUALITY (% TOTAL ASSETS)**

	Aug-21	Sep-21
Term Deposits	41.06%	55.80%
Cash	3.00%	1.72%
Commercial Papers	26.94%	13.54%
Treasury Bills	29.00%	28.94%



**PERFORMANCE REVIEW**

The fixed income market has seen slight improvement in yields during the month. The money market fund yield inched up marginally as the Fund Manager took strategic positions with improved market rates.

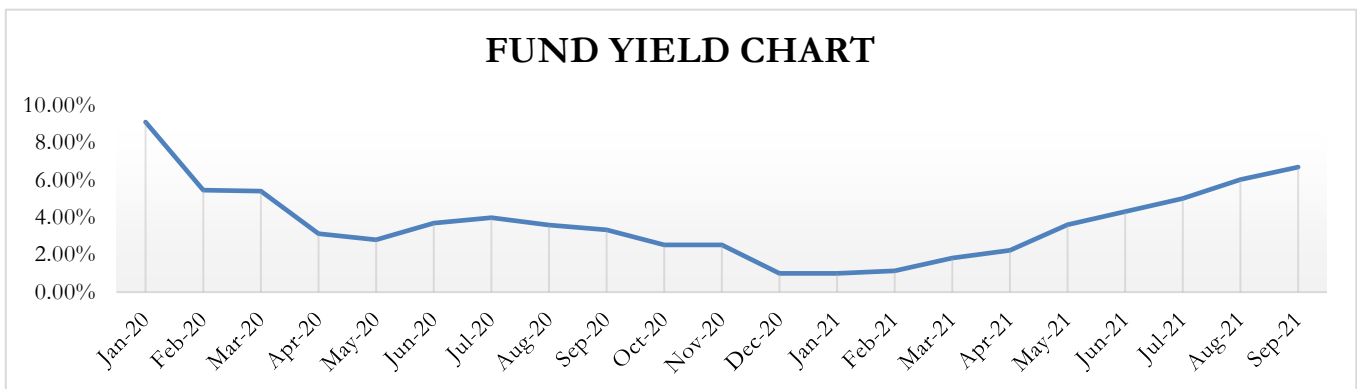
**INVESTMENT COMMITTEE**

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

**FUND RETURNS**

	Aug-21	Sep-21
Current Yield	6.01%	6.68%
Inception to Date	63.66%	64.52%

**FUND YIELD CHART**



**PACAM FIXED INCOME FUND**

30-Sep-21

**INVESTMENT OBJECTIVES**

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.

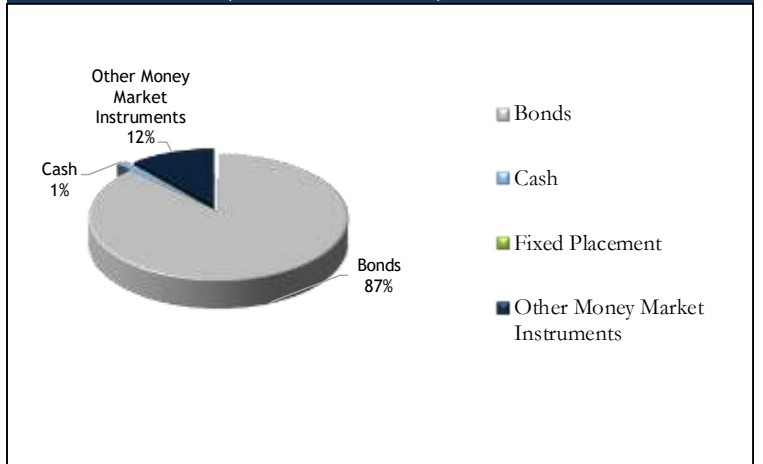
**FUND INFORMATION**

Fund type	Open-ended
Category	Fixed Income Fund
Risk profile	Moderate
Launch date	27-Jul-16
Fund Manager	PAC Asset Management Limited
Trustees	GTL Trustees Limited
Custodian	UBA Global Investor Services
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	5-year Nigerian Sovereign Bond
Dividend Frequency	Annual
5-Year Annual Growth Rate	6.78%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 11.17

**ASSET QUALITY (% TOTAL ASSETS)**

	Aug-21	Sep-21
Bonds	87.22	86.75
Cash	1.36	2.31
Fixed Placement	-	-
Other Money Market Instruments	11.42	10.95

**ASSET ALLOCATION (% OF TOTAL ASSETS)**



**PERFORMANCE REVIEW**

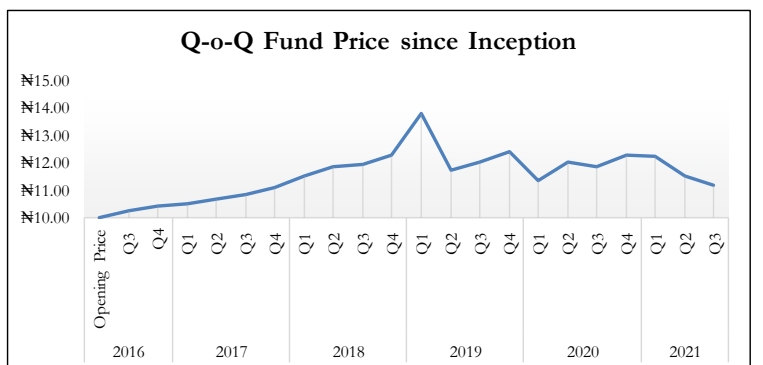
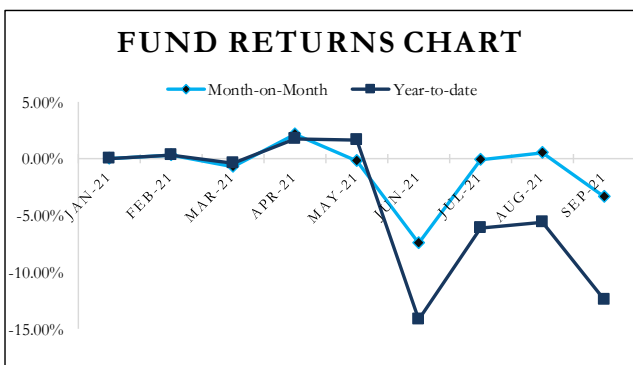
PACAM Fixed Income Fund paid-out dividends to Unitholders who qualified for the period ended December 31, 2020, hence a markdown in price of the fund/NAV. We still maintain that this presents opportunity to take renewed positions in the fund.

**INVESTMENT COMMITTEE**

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

**FUND RETURNS**

	Aug-21	Sep-21
Month-on-Month	0.52%	-3.35%
Year-to-date	-5.58%	-12.42%
Inception-to-date	46.55%	47.18%



**PACAM BALANCED FUND (PBF) - FUND MANAGER'S REPORT**

30-Sep-21

**INVESTMENT OBJECTIVES**

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	12.84%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 1.53

**PERFORMANCE REVIEW**

PACAM Balanced Fund paid-out dividends to Unitholders who qualified for the period ended December 31, 2020, hence a markdown in price of the fund/NAV. The fund manager will continue to carry out tactical allocation measures to ensure a fully optimized portfolio.

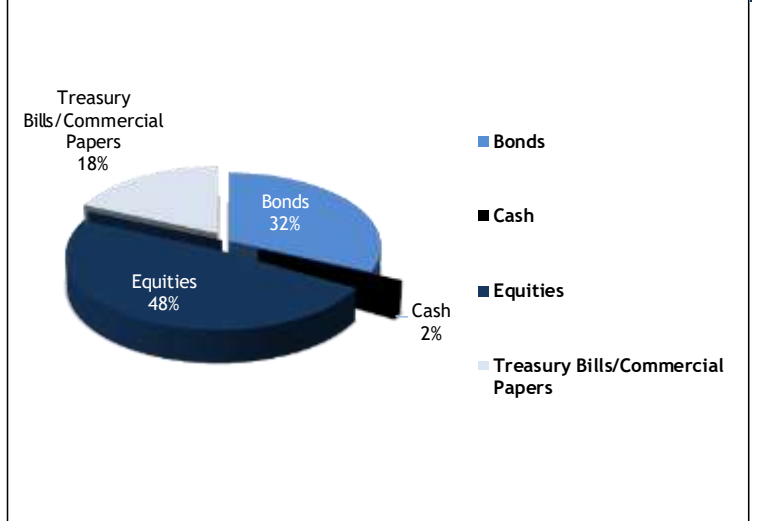
**INVESTMENT COMMITTEE**

Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr. Olufemi Okin	Trustee's Representative
Mr. Bamidele Ige	Member
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

**ASSET QUALITY (% TOTAL ASSETS)**

	Aug-21	Sep-21
Bonds	30.28	31.77
Cash	0.21	1.51
Equities	43.74	48.40
Fixed Placement	-	-
Treasury Bills/Commercial Papers	25.78	18.32

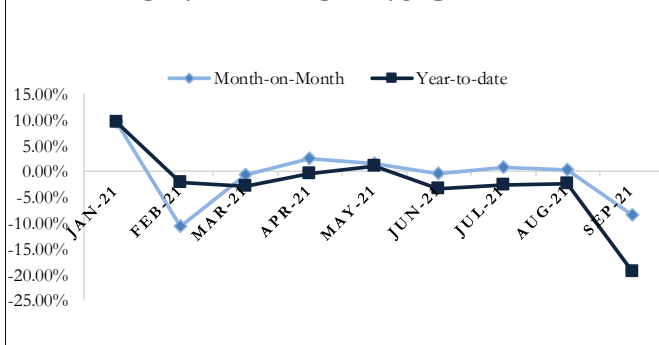
**ASSET ALLOCATION (% OF TOTAL ASSETS)**



**FUND RETURNS**

	Aug-21	Sep-21
Month-on-Month	0.29%	-8.53%
Year-to-date	-2.45%	-19.58%
Inception-to-date	105.43%	105.14%

**FUND RETURNS CHART**



**Q-o-Q Fund Price since Inception**



**PACAM EQUITY FUND (PEF) - FUND MANAGER'S REPORT**

30-Sep-21

**INVESTMENT OBJECTIVES**

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.

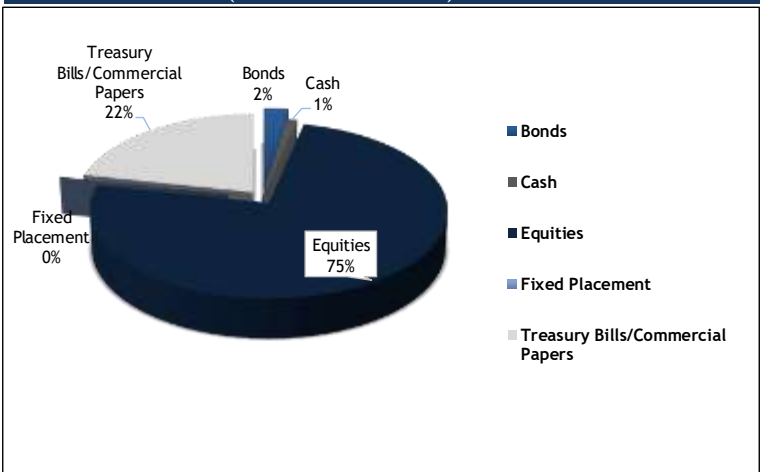
**FUND INFORMATION**

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
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	NSE All Share Index
Dividend Frequency	Annual
Compounded Annual Growth Rate	28.43%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 1.42

**ASSET QUALITY (% TOTAL ASSETS)**

	Aug-21	Sep-21
Bonds	1.94	2.43
Cash	0.29	1.05
Equities	73.93	74.85
Fixed Placement	0.65	-
Treasury Bills/Commercial Papers	23.19	21.67

**ASSET ALLOCATION (% OF TOTAL ASSETS)**



**PERFORMANCE REVIEW**

The PACAM Equity fund paid-out dividends to Unitholders who qualified for the period ended December 31, 2020, hence a markdown in price of the fund/NAV. The fund manager has taken strategic and tactical positions to ensure capital appreciation by investing in blue chip stocks.

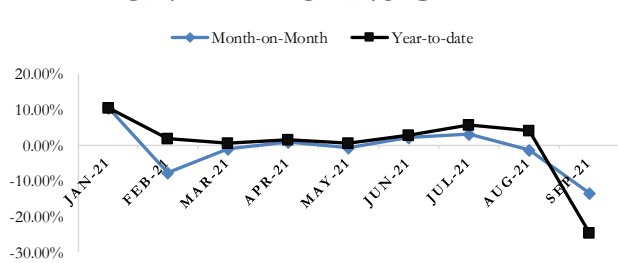
**INVESTMENT COMMITTEE**

Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr Osamede Fadaka	Trustee's Representative
Mr. Bamidele Ige	Member
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

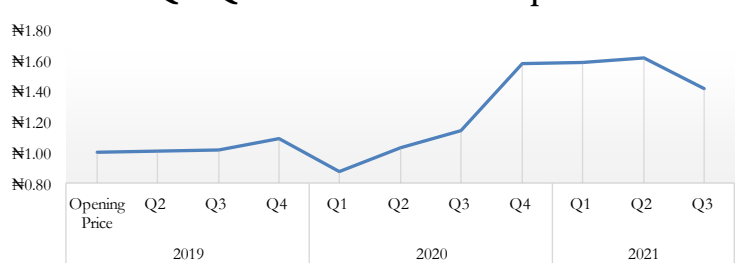
**FUND RETURNS**

	Aug-21	Sep-21
Month-on-Month	-1.44%	-13.67%
Year-to-date	4.11%	-24.67%
Inception-to-date	64.51%	65.03%

**FUND RETURNS CHART**



**Q-o-Q Fund Price since Inception**



**PACAM EUROBOND FUND**

30-Sep-21

**INVESTMENT OBJECTIVES**

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.

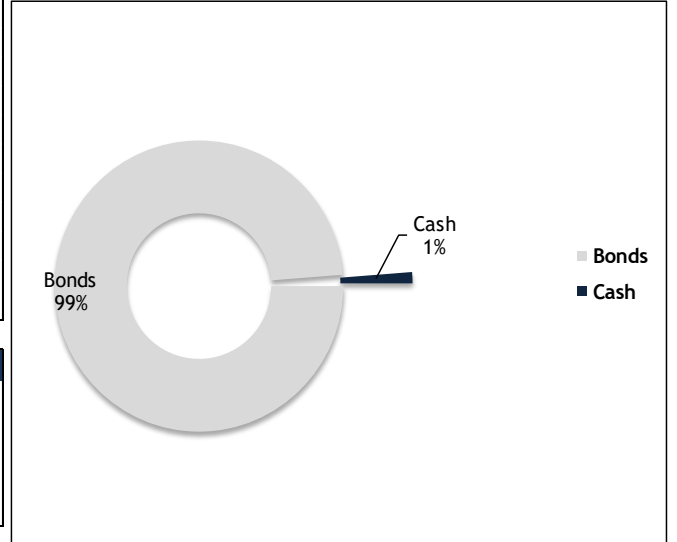
**FUND INFORMATION**

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
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	5-Year Nigerian sovereign Eurobond
Dividend Frequency	Annual
Compounded Annual Growth Rate	5.93%
Dealing Days	Monday - Friday
NAV per unit (USD)	\$ 112.66

**ASSET QUALITY (% TOTAL ASSETS)**

	Aug-21	Sep-21
Bonds	98.45	98.76
Cash	1.55	1.24

**ASSET ALLOCATION (% OF TOTAL ASSETS)**



**PERFORMANCE REVIEW**

The PACAM Eurobond fund paid-out dividends to Unitholders who qualified for the period ended December 31, 2020, hence a markdown in price of the fund/NAV. The fund presents tactical opportunities for entry.

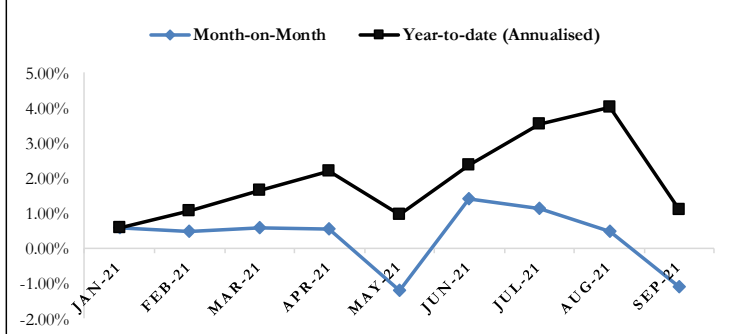
**INVESTMENT COMMITTEE**

Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mrs Yemisi Arowolo	Trustee's Representative
Mr. Bamidele Ige	Member
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

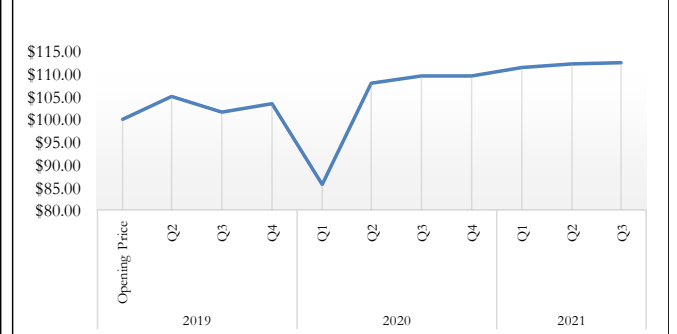
**FUND RETURNS**

	Aug-21	Sep-21
Month-on-Month	0.47%	-1.12%
Year-to-date (Annualised)	4.02%	1.10%
Inception-to-date	14.93%	15.58%

**FUND RETURNS CHART**



**Q-o-Q Fund Price since Inception**





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.*