



PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.

Monthly Fund Manager's Report – September 2022

September 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 growth contracted by -11.77%, despite the increase in global oil prices.

INFLATION: Nigeria's inflation increased by 88 basis points to 20.52% in August 2022 (July 2022: 19.64%) driven by accelerated core and food inflation which rose by 17.20% and 23.12% respectively. The rise in core and food inflation was driven by, higher energy costs, disrupted supply chain and insecurity in food-producing states.

CRUDE OIL: The average price of Brent crude fell further by 7.31% to \$90.23 per barrel in September 2022 (August 2022: \$97.35), driven by the fear of looming global recession that could weaken the demand for crude oil.

OUTLOOK: The interventions of monetary and fiscal authorities in non-oil sector is expected to drive up the GDP growth in coming quarters. We maintain that election spending, insecurity in food-producing states & increasing energy costs are expected to fuel inflationary pressure. We expect to see a slight increase in oil prices in October as we expect OPEC+ to cut the output in its next meeting slated for October.

EQUITIES MARKET OVERVIEW

Nigerian equities market was dominated by the bears in September as the NGX All-Share Index and Market Capitalization depreciated further by 1.63% and 1.60% to 49,024.16 and ₦26.45 trillion respectively. The three top gainers during the month were MULTIVERSE (+40.84%), ETRANZACT (+28.00%) and PHARMDEKO (+17.14%). The Year-to-Date (YtD) and the Quarter-to-Date (QtD) returns stood at +14.77% and -5.39% respectively.

OUTLOOK: With the recent hike in policy rate, we expect investors to rebalance their portfolio by migrating from stock market to fixed income market in October due to attractive rates. Nevertheless, we advise our clients to maintain their position in stocks with sound fundamentals and impressive dividend history.



BOND MARKET OVERVIEW

In the **secondary bond market**, the average yield rose by 15 basis points as it closed at 11.28% in September 2022, compared to 11.13% recorded in August 2022. During the month, the 1-year, 2-year, 5-year and 8-year bonds traded at 7.51% (+0.51%), 11.70% (+0.07%), 13.04% (-0.04%) and 12.90% (+0.08%) respectively.

In the **primary bond market**, the average yield increased by 67 basis points in September as marginal rates such as FGN MAR 2025 and FGN APR 2032 closed at 13.50% (July: 12.50%) and 13.85% (July: 13.50%) respectively.

OUTLOOK: With the recent hike in Monetary Policy Rate (MPR) to 15.50%, this upward trend is expected to continue in October as we see investors demanding higher yields in the market.

FOREIGN EXCHANGE MARKET OVERVIEW

On the Investors and Exporters Window, naira depreciated further by ₦8.48 in September 2022 as the exchange rate closed the month at ₦437.43/\$ (August 2022: ₦428.95/\$).

OUTLOOK: Again, naira depreciated in September due to the country's lingering foreign exchange illiquidity. The decision of the MPC to raise policy rate to attract foreign investors may not be potent in strengthen the naira in near term as foreign earnings from other sectors remains weak.

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 (5.5%) |
| 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 |

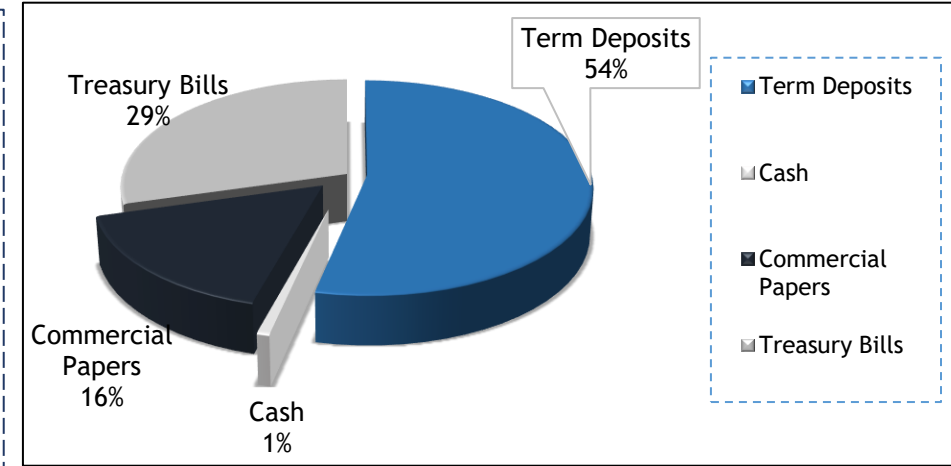
FUND RETURNS

| | Aug-22 | Sep-22 |
|-------------------|--------|--------|
| Current Yield | 7.82% | 9.39% |
| Inception to Date | 74.53% | 75.41% |

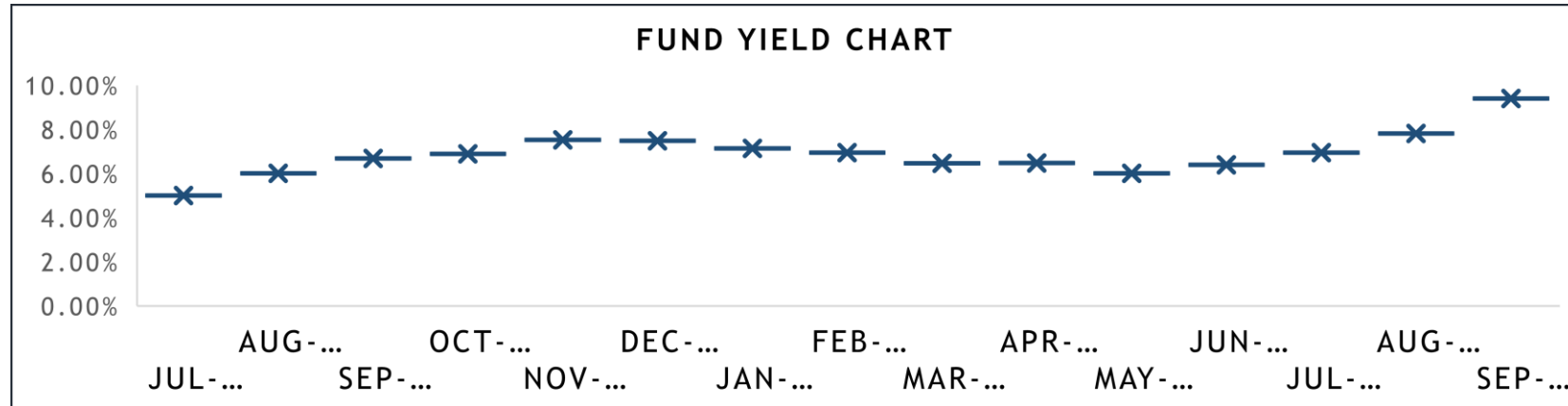
PERFORMANCE REVIEW:

The CBN decision to increase the MPR by 150 basis point to 15.5% has seen money market yields move upward, as the fund saw a month-on-month 157 basis points (157 bps) improvement. The fund yield closed higher than the previous 52 High/Low.

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



| ASSET QUALITY (% TOTAL ASSETS) | 31-Aug-22 | 30-Sep-22 |
|--------------------------------|-----------|-----------|
| Term Deposits | 43.94 | 53.46 |
| Cash | 4.11 | 0.80 |
| Commercial Papers | 20.64 | 16.33 |
| Treasury Bills | 31.31 | 29.42 |



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 | 6.85% |
| Dealing Days | Monday - Friday |
| NAV per unit (NGN) | NGN 11.85 |

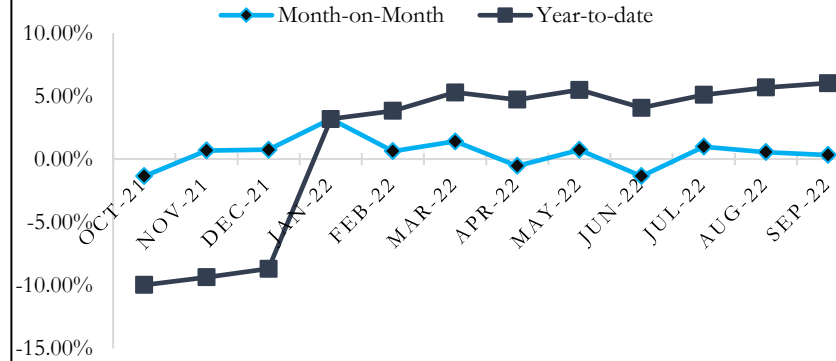
INVESTMENT COMMITTEE

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| Mr Moses Ojo | Member |
| Mrs Taiwo Sonola | Custodian |

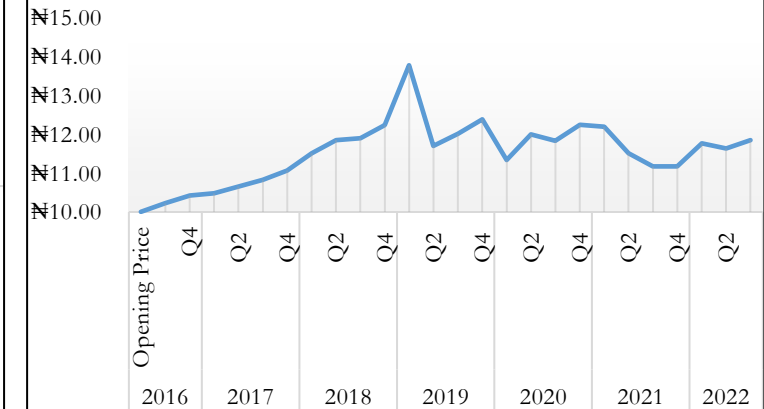
FUND RETURNS

| | Aug-22 | Sep-22 |
|-------------------|--------|--------|
| Month-on-Month | 0.56% | 0.32% |
| Year-to-date | 5.67% | 6.01% |
| Inception-to-date | 53.58% | 53.96% |

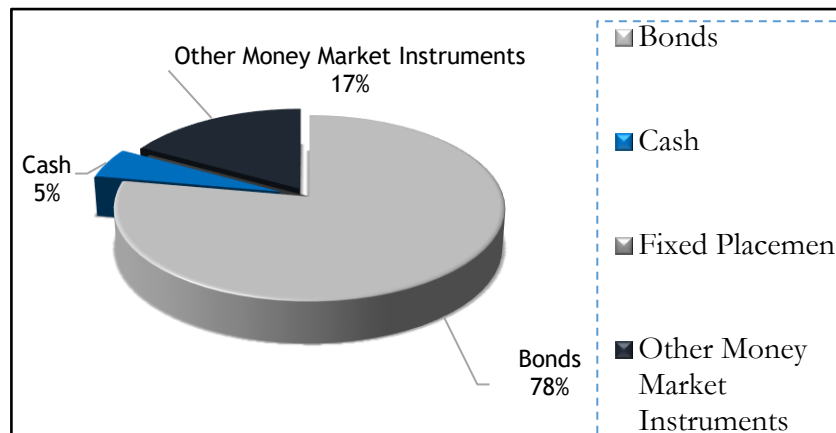
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



| ASSET QUALITY (% TOTAL ASSETS) | Aug-22 | Sep-22 |
|--------------------------------|--------|--------|
| Bonds | 78.79 | 77.81 |
| Cash | 4.25 | 5.22 |
| Fixed Placement | - | - |
| Other Money Market Instruments | 16.95 | 16.97 |



PERFORMANCE REVIEW:

In the secondary bond market, the average yield rose by 15 bps as it closed at 11.28% in September 2022, compared to 11.13% recorded in August 2022.

Other money market instruments performed relatively better due to further increase in MPR by 150bps.

The Fund saw further increase in NAV price due to increase in yields during the month.

The Fund Manager maintains strategic positions to maintain the Fund's Yield.

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 | 11.82% |
| Dealing Days | Monday – Friday |
| NAV per unit (NGN) | NGN 1.64 |

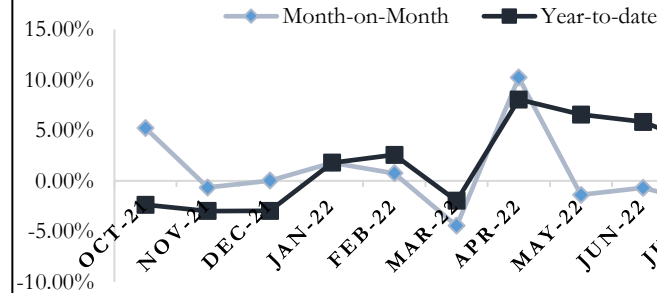
INVESTMENT COMMITTEE

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| 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

| | Aug-22 | Sep-22 |
|-------------------|---------|---------|
| Month-on-Month | 0.36% | -1.65% |
| Year-to-date | 3.75% | 2.04% |
| Inception-to-date | 118.60% | 115.77% |

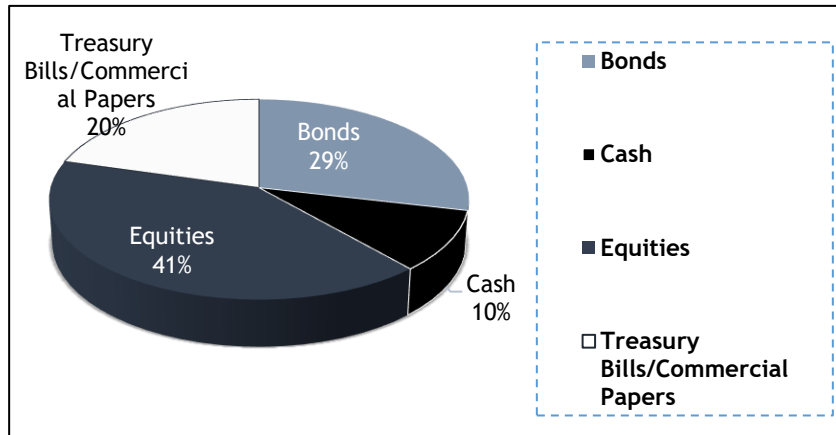
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



| ASSET QUALITY (% TOTAL ASSETS) | Aug-22 | Sep-22 |
|----------------------------------|--------|--------|
| Bonds | 29.32 | 28.62 |
| Cash | 0.62 | 9.88 |
| Equities | 41.36 | 40.92 |
| Treasury Bills/Commercial Papers | 28.69 | 20.59 |



PERFORMANCE REVIEW:

The Equities market saw a steady decline in the month under review and the fund's NAV & Y-T-D yield witnessed M-o-M decrease.

This decline in the equity space was largely due to an upside in the fixed income space which the fund manager took advantage of, as there was relative yield expansion, with investors seeking for higher returns.

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 | 16.47% |
| Dealing Days | Monday – Friday |
| NAV per unit (NGN) | NGN 1.42 |

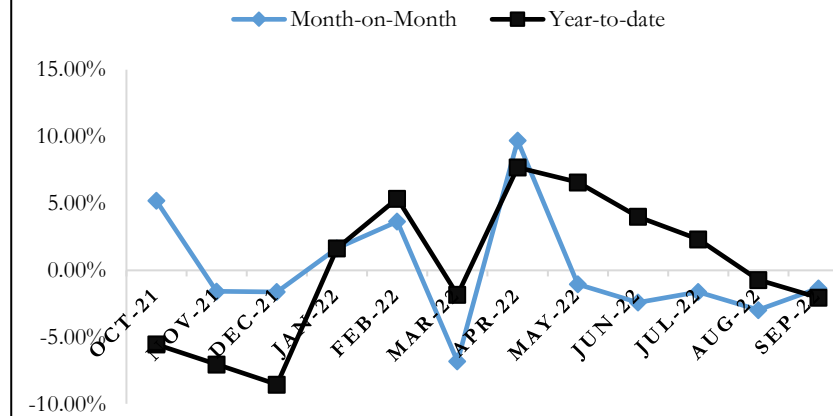
INVESTMENT COMMITTEE

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| Mrs Taiwo Sonola | Custodian |

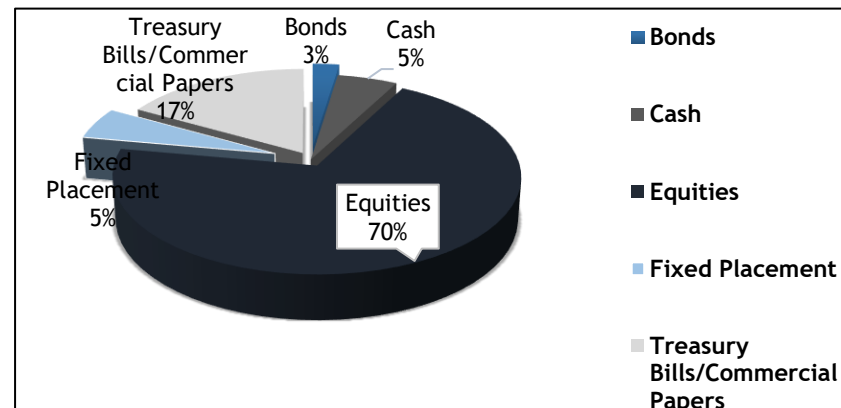
FUND RETURNS

| | Aug-22 | Sep-22 |
|-------------------|--------|--------|
| Month-on-Month | -2.97% | -1.34% |
| Year-to-date | -0.72% | -2.05% |
| Inception-to-date | 66.45% | 64.52% |

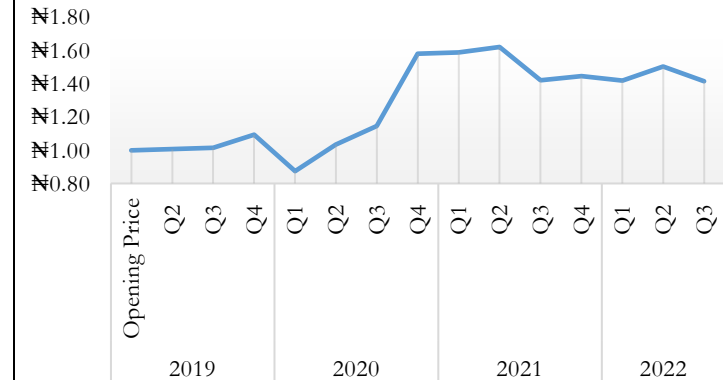
FUND RETURNS CHART



| ASSET QUALITY (% TOTAL ASSETS) | Aug-22 | Sep-22 |
|----------------------------------|--------|--------|
| Bonds | 2.36 | 2.38 |
| Cash | 1.78 | 5.36 |
| Equities | 71.43 | 70.09 |
| Fixed Placement | 9.49 | 5.33 |
| Treasury Bills/Commercial Papers | 14.94 | 16.84 |



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

Nigerian equities market plunged further in September as the NGX All-Share Index and Market Capitalization both depreciated further by 1.63% and 1.60% to 49,024.16 and ₦26.45 trillion respectively.

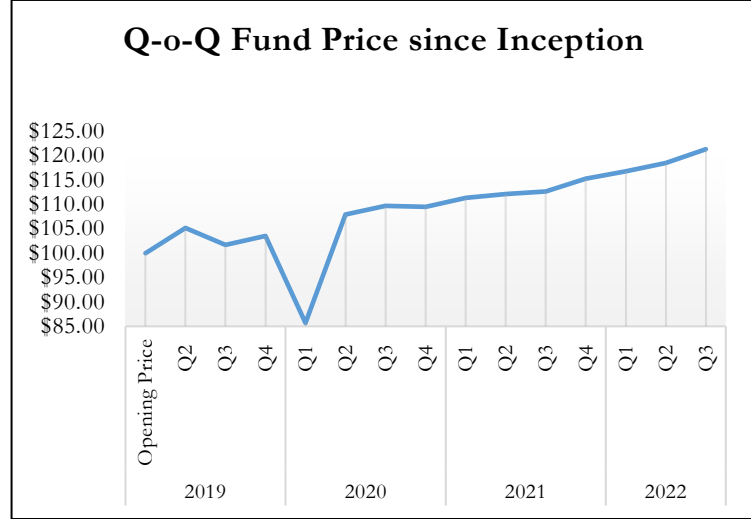
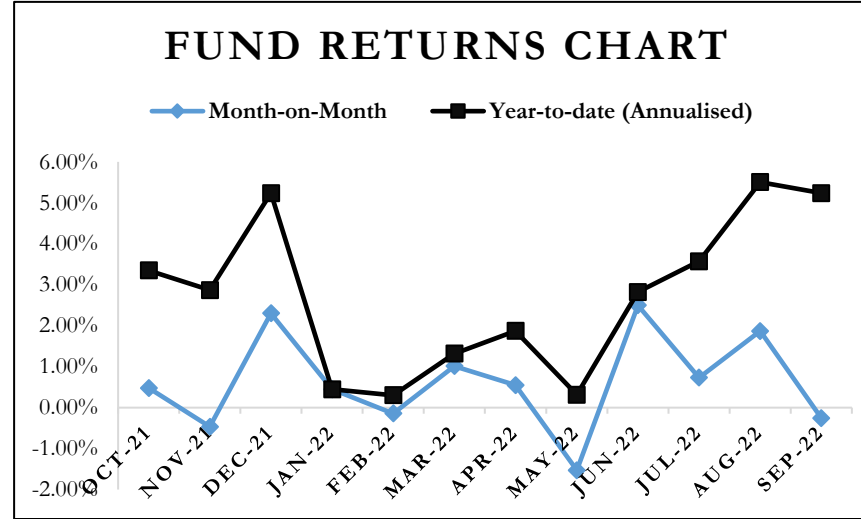
The fund witnessed further NAV decrease as Investors sought investments with better yields following the increased MPR. We also expect investors to continue migrating to the fixed-income market in October as they seek better returns.

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.

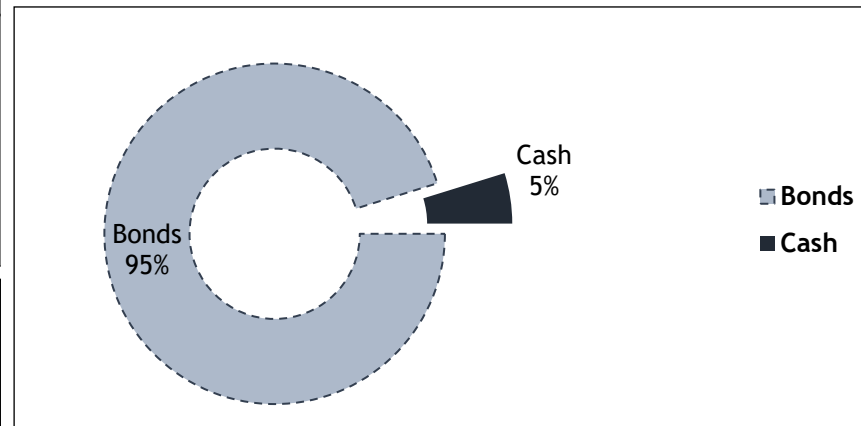
FUND INFORMATION

| | |
|-------------------------------|------------------------------------|
| 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 | 5.90% |
| Dealing Days | Monday - Friday |
| NAV per unit (USD) | 121.31 |



ASSET QUALITY (% TOTAL ASSETS)

| | Aug-22 | Sep-22 |
|-------|--------|--------|
| Bonds | 95.15 | 95.21 |
| Cash | 4.85 | 4.79 |



PERFORMANCE REVIEW:

The month saw asset prices move down slightly in the Eurobond space which led to a slight decrease 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.

FUND RETURNS

| | Aug-22 | Sep-22 |
|---------------------------|--------|--------|
| Month-on-Month | 1.87% | -0.26% |
| Year-to-date (Annualised) | 5.51% | 5.24% |
| Inception-to-date | 24.54% | 24.23% |

M-O-M Fund NAV performance

| Fund Prices: | Aug-22 | Sep-22 | % Change |
|-------------------------|----------|----------|----------|
| PACAM Balanced Fund | ₦1.66 | ₦1.64 | -1.20% |
| PACAM Fixed Income Fund | ₦11.81 | ₦11.85 | 0.32% |
| PACAM Money Market Fund | ₦10.00 | ₦10.00 | |
| PACAM Equity Fund | ₦1.43 | ₦1.42 | -0.70% |
| PACAM Eurobond Fund | \$121.62 | \$121.31 | -0.25% |

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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