



PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



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Monthly Fund Manager's Report – October 2023

October 2023 Market & Economic Review

MACROECONOMIC OVERVIEW

GROSS DOMESTIC PRODUCT (GDP): Nigeria's economy took a leap as the nation GDP grew by 2.51% (year-on-year) in real terms in Q2'23, NBS. Although the recent figure of 2.51% (y/y) was 20 bps higher than 2.31% reported in Q1'23, it is however lower by 103 bps than the 3.54% recorded in Q2'22. Oil sector receded in Q2'23 by -13.43% (against a decline of 4.31% in Q1'23 and a decline of 11.77% in Q2'23) and contributed 5.34% (against 6.21% in Q1'23 and 6.33% in Q2'22). In contrast, non-oil sector grew by 3.58% (against 2.77% in Q1'23 and 4.77% in Q2'22) and contributed 94.66% (against 93.79% in Q1'23 and 93.67% in Q2'22). Service sector drove the GDP growth as it recorded a 4.42% (against 4.35% in Q1'23 and 6.70% in Q2'22) and contributed 58.42% (against 57.29 in Q1'23 and 57.35% in Q2'22).

INFLATION: Headline inflation maintained its upward trend in October 2023 as it rose to 27.33% YoY in October 2023; representing 0.61% increase from 26.72% recorded in September 2023. The latest figure marks the 10th consecutive uptick in the year. The surge in inflation rates continue to be associated with policy changes and socio-economic challenges such as fuel subsidy removal, FX unification, flooding, limited food production/distribution, and local unrest and displacement. We expect the headline inflation rate to continue its rising trend in the coming months, though at a slower pace

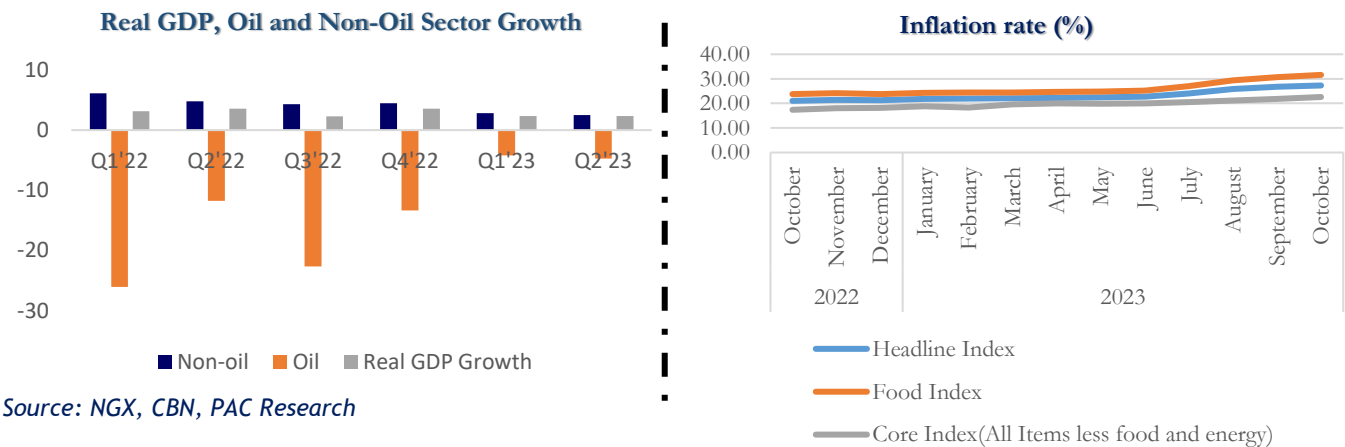


MONETARY POLICY: Monetary indicators remained the same as of the last MPC meeting in July where the MPR was reviewed by 25p to 18.75%; the asymmetric corridor +100/-300 bps around the MPR; the CRR (32.5%); and the Liquidity Ratio (30%). However, we expect the MPC to hold a meeting this month (Nov 20-21) for the review of the rate.

CRUDE OIL: According to NUPRC report, production of Nigerian crude oil rose to 1.56 mbpd. The figure represents the highest production level since the beginning of the year. According to the NUPRC data, in October 2023, the country produced 1.35 mbpd of crude oil, 48,461 of blended condensates, and 163,038 of unblended condensates, totaling 1.56 for the month. This latest figure represents 15.55% increase from 1.35 mbpd realized in September 2023. The average price of Brent crude dropped 6.15% in October to \$87.41/barrel from \$93.19/barrel recorded in September 2023.

FOREIGN EXCHANGE: On the Investors and Exporters Window, the naira depreciated by ₦53.99 in October as the exchange rate closed the month at ₦815.32/\$ (September 2023: ₦761.33/\$). The pressure on the domestic currency persisted during month despite the CBN's continued efforts to fulfil the FX backlogs.

OUTLOOK: Given the persistent uptick in inflation rate, we expect the CBN in the forthcoming MPC meeting to maintain the drive for a contractionary economy and increase the MPR by 25bps to 19.00% or retain the current 18.75%. Although, the hawkish direction poses a threat to the next GDP, the impact may however be at a minimum considering the modesty in the interest rate hike. We expect the country to sustain the recent gains in oil production, increase the FX Reserves, and strengthen further its domestic currency in November 2023.



Source: NGX, CBN, PAC Research

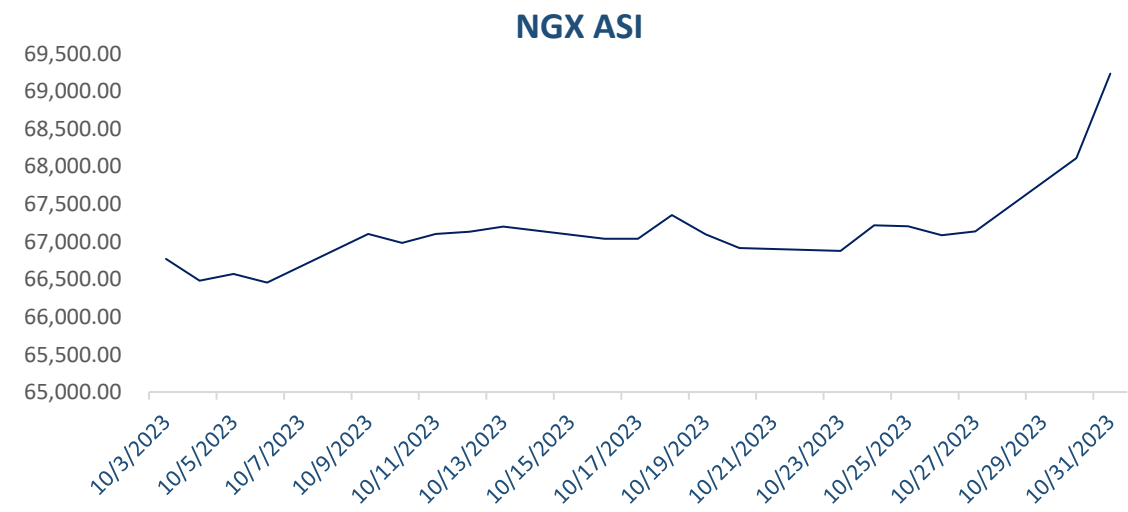
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EQUITIES MARKET OVERVIEW

October closed in the green as bullish sentiment continues to pervade the equities market with the All-Share index advancing by 1.65% to close at a new high of 69,236.19 points. This rally was buoyed by impressive earnings scorecards by corporates as well as announcement of corporate actions. Hence the year-to-date gain of the index rose to 35.09%. The Market Capitalization also advance by 4.71% as it closed at ₦38.04 trillion in October (against September: ₦36.33 trillion)., the top gainers for the month were THOMASWYT (+110.4%), CHAMS (+73.4%), and NNFM (+30.8%). However, top decliners include SOVRENIN (-18.4%), CHIPLC (-18.3%), and PRESTIGE (-18%).

OUTLOOK: Nigeria equities market rallied in October as investors gained a whopping N1.71 trillion. We anticipate the prevailing bullish momentum to persist. We believe equity investors will continue to position in stocks with sound fundamentals. Although uptick in the equities market is at sight, we expect a cautious trading in November as we expect the last CBN's monetary policy committee meeting in the year.



Source: NGX, PAC Research

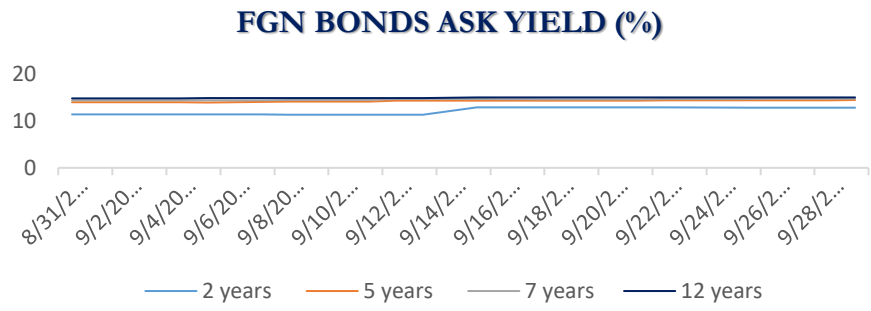


DEBT MARKET OVERVIEW

BONDS: In the secondary bond market, the average yield of FGN Bonds appreciated by 97bps as it closed at 15.17% in October relative to 14.20% recorded in September 2023. At the close of the month, the 2-year, 5-year, 7-year and 12-year bonds traded at 14.52% (1.73%), 14.78% (0.39%), 15.20% (0.49%), and 16.26% (1.33%) respectively.

TREASURY BILLS: The secondary market for T-bills, average yield jumped 3.1ppts m/m to 11.4%, largely due to hawkish signaling in the money market and tight liquidity. The sell pressure was most pronounced on the 91-day bill (yield: +3.9ppts), trailed by the 364-day and 182-day (yield: +2.7ppts) apiece.

OUTLOOK: Amidst the sluggish growth rate of the country's productivity the average yield in the bond market is expected to ramp up In November. We expect the Nigerian debt markets to sustain the bearish sentiment of October as long the equities market maintains its upward trajectory to a new height by the end of November 2023.



Source: Bloomberg, PAC Research

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 (6.94%)	
Dividend Frequency	Quarterly	
5-year Annual Growth Rate	9.59%	
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	
Mrs Taiwo Sonola	Custodian	

FUND RETURNS		
	Sep-23	Oct-23
Current Yield	9.95%	9.61%
Inception to Date	92.94%	94.47%

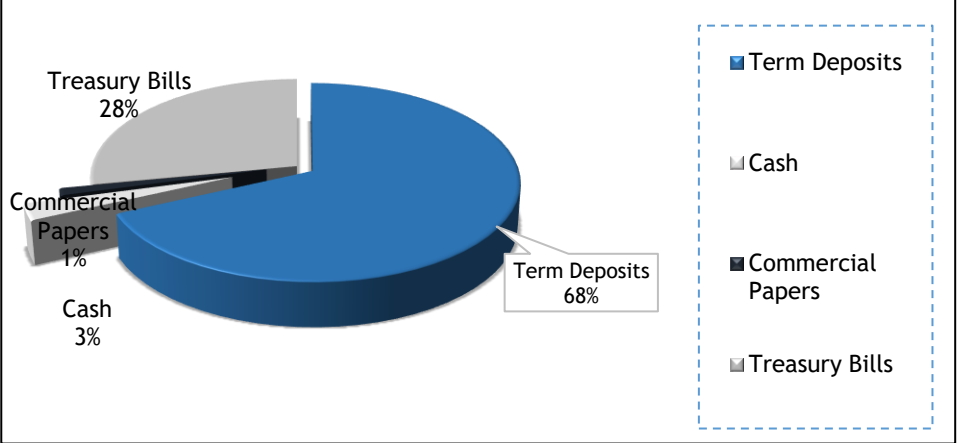
PERFORMANCE REVIEW:

The fund closed the month with a current yield of 9.61% (September: 9.59%).

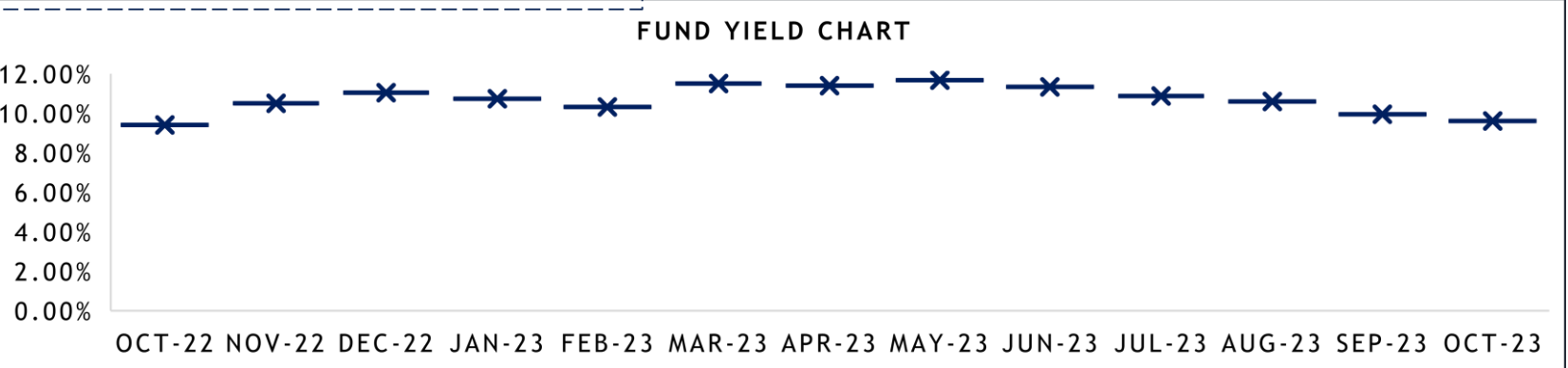
The fund’s saw an increase in the returns of several assets due to an uptick in yield of several fixed income asset in the month under review.

We anticipate further increase in the performance of the Money Market instruments in the coming weeks as we expect new policies and measures by the CBN to gear up the performance of these instruments.

The Fund Manager continues to hold strategic positions in order to capitalize on current trends and increase yields while keeping the fund's limits in mind.



ASSET QUALITY (% TOTAL ASSETS)	30-Sep-23	30-Oct-23
Term Deposits	68.17	67.78
Cash	2.67	2.42
Commercial Papers	1.16	1.22
Treasury Bills	28.00	28.58



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	6.39%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 12.37

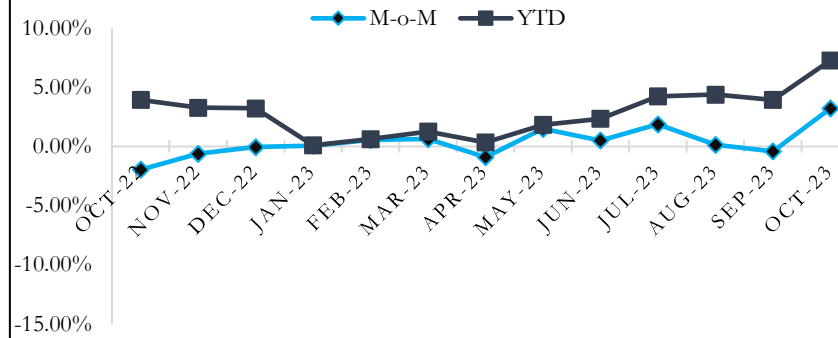
INVESTMENT COMMITTEE

Mr. Sam Onukwue	Chairman
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Mrs Taiwo Sonola	Custodian

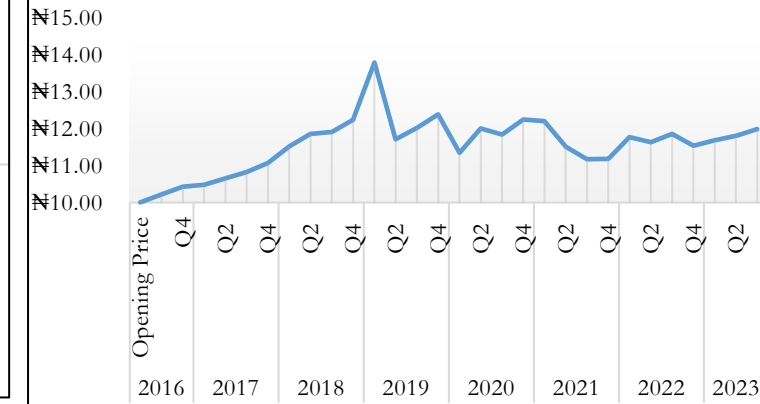
FUND RETURNS

	Sept-23	Oct-23
Month-on-Month	-0.42%	3.20%
Year-to-date	3.93%	7.26%
Inception-to-date	55.32%	59.14%

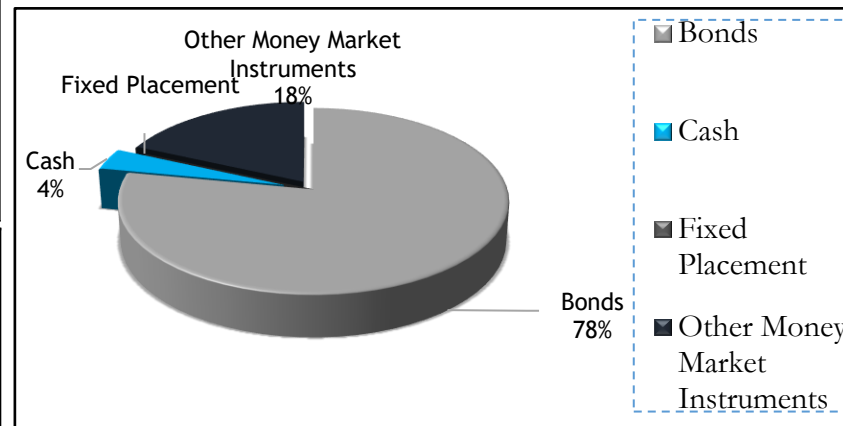
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Sept-23	Oct-23
Bonds	79.24	78.01
Cash	1.71	3.69
Fixed Placement	-	-
Other Money Market Instruments	19.05	18.30



PERFORMANCE REVIEW:

The m-o-m fund performance increased by 3.20% in line with expanding market yields.

The average yield of FGN Bonds appreciated by 97 basis points as it closed at 15.17% in October relative to 14.20% recorded in September 2023

The current direction of yields offer buying opportunities for improved returns. We encourage investors to consider a consolidation of their holdings.

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
5-Year Annual Growth Rate	13.12%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 2.15

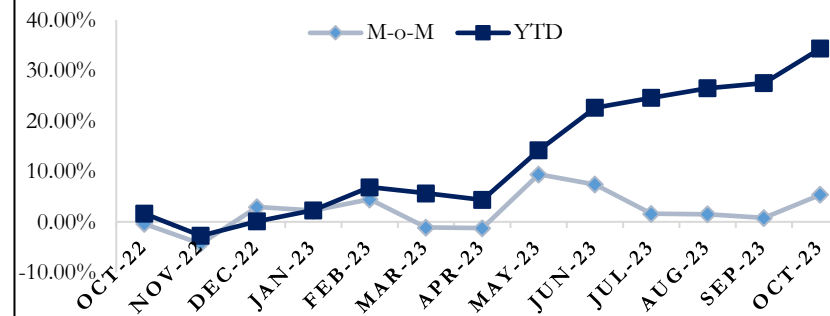
INVESTMENT COMMITTEE

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

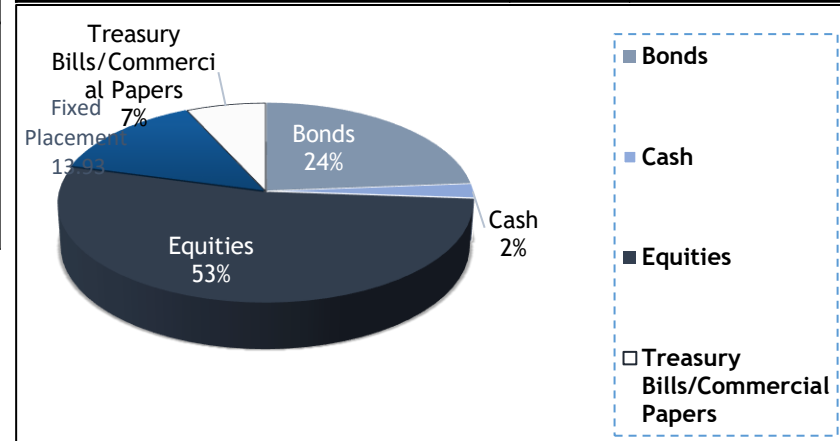
FUND RETURNS

	Sept-23	Oct-23
Month-on-Month	0.80%	5.38%
Year-to-date	27.51%	34.37%
Inception-to-date	157.99%	169.34%

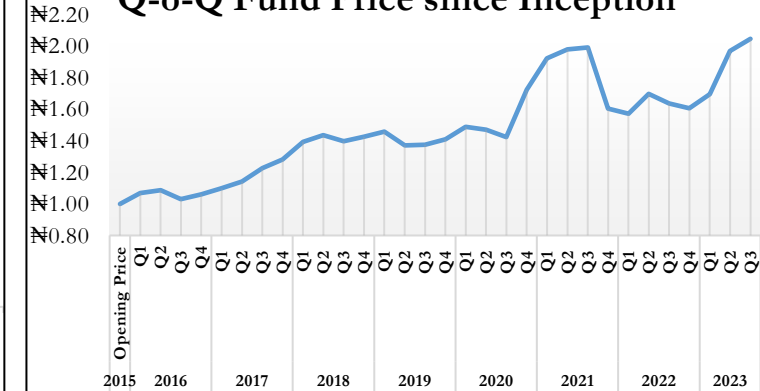
FUND RETURNS CHART



ASSET QUALITY (% TOTAL ASSETS)	Sept-23	Oct-23
Bonds	24.87	23.77
Cash	1.02	2.36
Equities	52.22	53.05
Fixed Placement	14.53	13.93
Treasury Bills/Commercial Papers	7.37	6.89



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

The fund returns increased by +34.37% Y-T-D and +5.38% M-o-M, owing primarily gains in the equities space in line with general market performance.

Cash flows from investments were ploughed back into viable opportunities to generate improved returns.

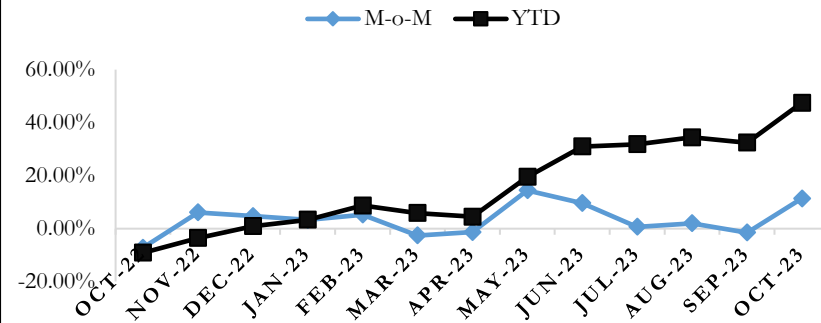
The fund manager is committed to rebalancing the fund appropriately, taking current market realities into account, to provide a completely optimized portfolio.

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.

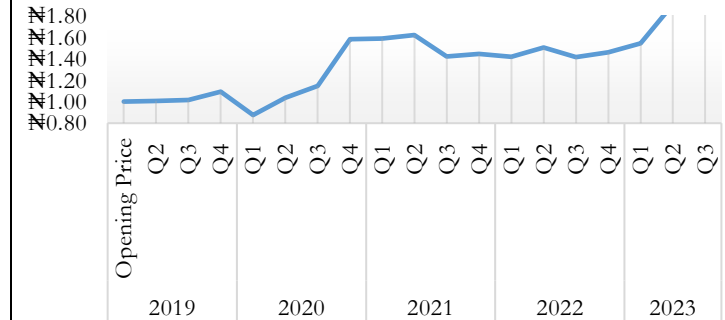
FUND INFORMATION

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	20.73%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 2.15

FUND RETURNS CHART



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Sept-23	Oct-23
Bonds	0.43	0.43
Cash	1.54	0.57
Equities	74.50	75.35
Fixed Placement	11.82	11.82
Treasury Bills/Commercial Papers	11.71	11.82

PERFORMANCE REVIEW:

The fund's performance was defined by the bullish run observed in the NGX All Share Index which moved up by 1.65% to close at 69,236.19 (against September: 66,382.14).

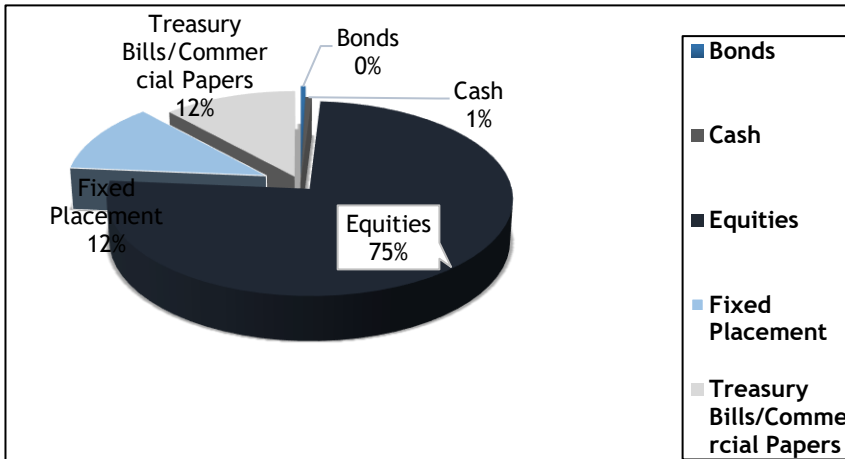
Fund M-o-M performance was 11.34% versus -1.50% in the previous month. The improvement is attributable to improved performance in the equity portion of the portfolio.

We anticipate a slight dip in activities in the equity space as investors are watching the space and looking for cheaper pricing to re-enter the market.

INVESTMENT COMMITTEE

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FUND RETURNS	Sept-23	Oct-23
Month-on-Month	-1.50%	11.34%
Year-to-date	32.38%	47.39%
Inception-to-date	115.88%	137.75%



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.

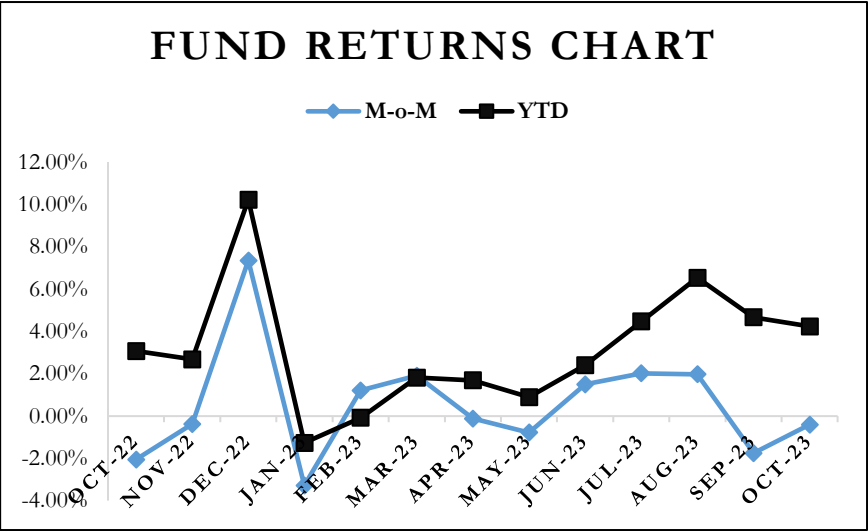
FUND INFORMATION

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	6.34%
Dealing Days	Monday – Friday
NAV per unit (USD)	\$ 129.76

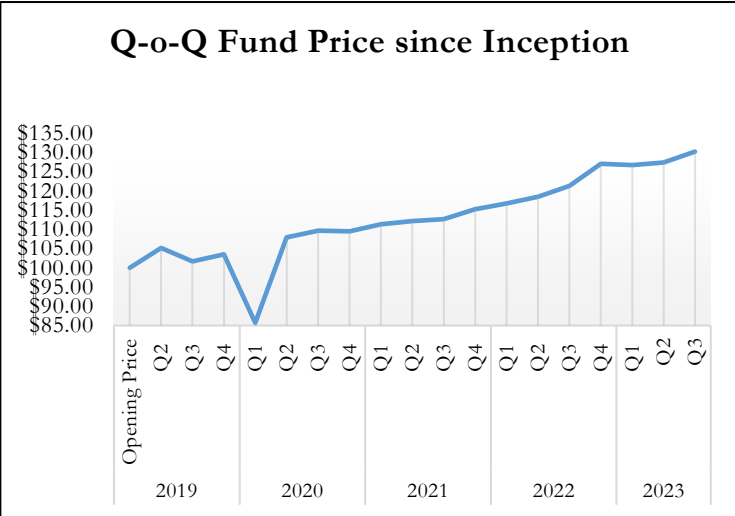
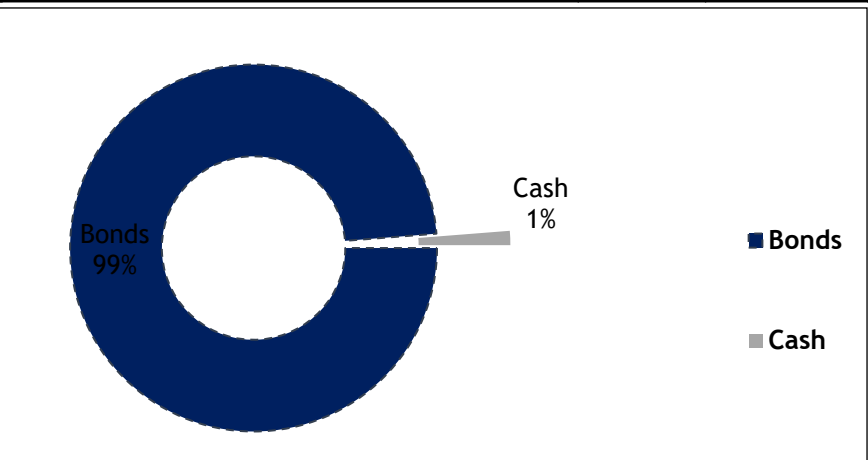
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Mrs Taiwo Sonola	Custodian

FUND RETURNS	Sept-23	Oct-23
Month-on-Month	-1.75%	-0.41%
Year-to-date (Annualised)	4.66%	4.23%
Inception-to-date	33.18%	32.65%



ASSET QUALITY (% TOTAL ASSETS)	Sept-23	Oct-23
Bonds	98.72	98.75
Cash	1.28	1.25



PERFORMANCE REVIEW:

The month saw asset prices dip further in the Eurobond space which led to a slight decline in the fund's NAV during the month under review.

This was mainly driven by speculation and sentiments with the continuous global conflict hitting several nations. We see investors cautiously watching the market to take wind of opportunities and better protect their interests.

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-23	Oct-23	% Change
PACAM Balanced Fund	₦2.04	₦2.15	5.39%
PACAM Fixed Income Fund	₦11.985	₦12.368	3.20%
PACAM Money Market Fund	₦10.00	₦10.00	
PACAM Equity Fund	₦1.93	₦2.15	11.40%
PACAM Eurobond Fund	\$130.26	\$129.73	-0.41%

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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