



PAC Asset Management

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PAC Asset Management

Monthly Fund Manager's Report – December 2022

December 2022 Market & Economic Review

MACROECONOMIC OVERVIEW

GROSS DOMESTIC PRODUCT (GDP): Nigeria's real GDP rose by 2.25% in the third quarter of 2022, declining from the 4.03% recorded in the same period (Q3) of 2021 (according to available data from the National Bureau of Statistics). The positive real growth rate recorded in the quarter was driven by the improved business activities in the non-oil sector which grew by 4.27% in Q3, 2022. Despite the challenging economic environment and external headwinds, Nigeria's economy remains resilient as government and the country's monetary authority continue to push for growth-oriented policies.

INFLATION: Nigeria's inflation accelerated by 38 basis points to 21.47% in November 2022 (October 2022: 21.09%), driven largely by the accelerated demand during the festive period. Also, the core and food inflation accelerated by 18.24% and 24.13% (year-on-year) respectively in November 2022. The persistent rise in the headline index can be attributed to the rising cost of importation emanating from persistent currency depreciation and the general increase in the cost of production

MONETARY POLICY: At the last Monetary Policy Committee (MPC) meeting of the Central Bank of Nigeria (CBN) in November 2022, the apex bank sustained hawkish monetary policy as it increased the country's key interest rate by 100 basis points in the month of November to 16.5% (September: 15.5%). Thanks to the risk of slowing growth amid persistent inflationary pressures.

CRUDE OIL: The average price of Brent crude declined significantly by 11.69% to \$81.34 per barrel in December 2022 (November 2022: \$90.85) amidst worries around the reopening of China and possible rapid Covid infections, affecting movement of crude prices.

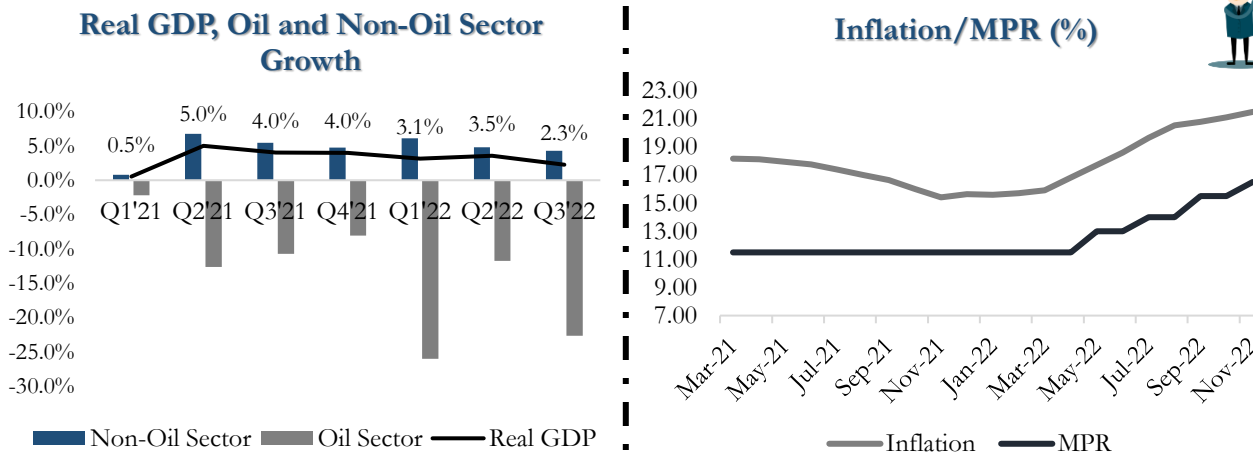
FOREIGN EXCHANGE: On the Investors and Exporters Window, the naira depreciated further by ₦15.97 in December 2022 as the exchange rate closed the month at ₦460.82/\$ (November 2022: ₦444.85/\$).

OUTLOOK: We opine that Nigeria will maintain positive real GDP growth in 2023, albeit at a slower pace. In addition, the outcome of the 2023 general election is expected to determine the country's growth momentum in this year.

We expect inflation to remain elevated in 2023 as effects of recent flooding and high fertilizer prices could become more entrenched impacting negatively both agricultural production and food prices.

Volatility in the parallel market exchange rate and continued dependence on central bank financing of the budget deficit is expected to exacerbate core inflation in 2023.

In 2023, we expect a stronger rebound in oil production with investment in the gas sector and Dangote refinery coming onstream.



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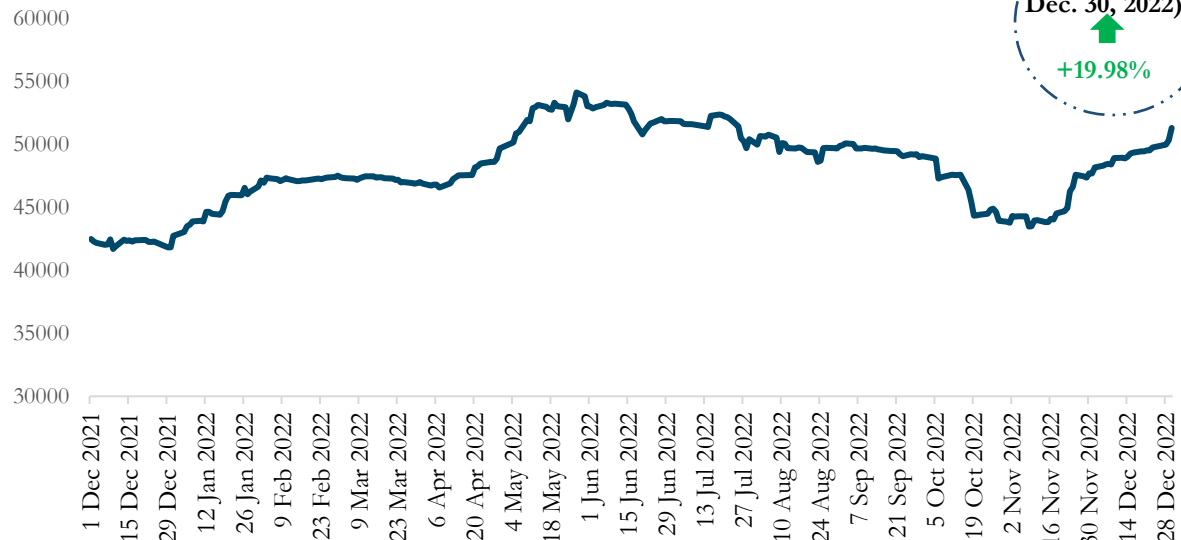
December 2022 Market & Economic Review

EQUITIES MARKET OVERVIEW

The bulls dominated the Nigerian Equities market in December 2022 on as investors bet on the country's positive outlook. The market-leading index (NGX All Share Index) wrapped up the year with a return of 19.98% to close at 51,251.06 while the Market Capitalization closed the year at ₦27.92 trillion. For December, the top three gainers during the month were THOMASWY (+142.5%), ROYALEX (68.25%) and CHAMPION (57.14%).

OUTLOOK: Nigerian equities posted a stellar performance in 2022 as the market leading indicator, NGX ASI, surged 19.98% year-on-year after gaining 3.11% in the last trading week of the year. Thanks to the renewed investors' confidence in the country's equities. Notwithstanding the challenging macro environment, we expect investors ramp up their holdings on the Nigerian bourse in the coming month as they await the release of full-year financials of the listed companies.

NGX ASI



Source: NGX, PAC Research

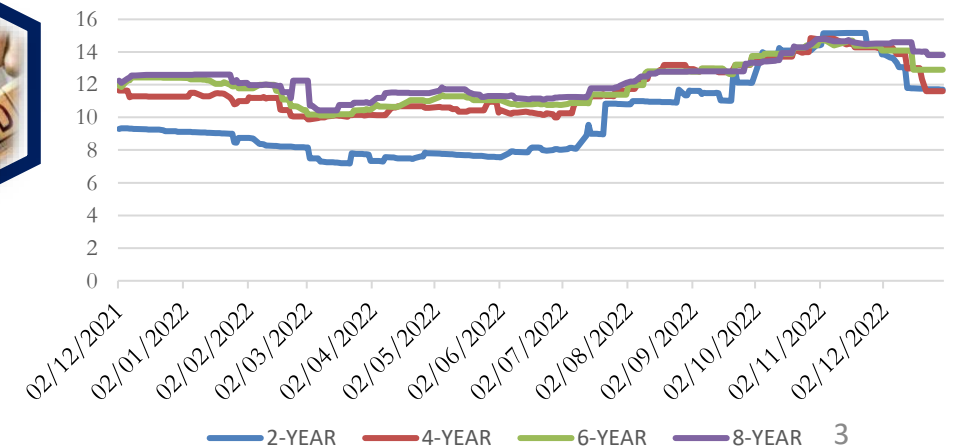
BOND MARKET OVERVIEW

In the secondary bond market, the average yield declined by 204 basis points as it closed at 11.82% in December 2022, compared to 13.86% recorded in November 2022. During the month, the 2-year, 4-year, 6-year and 8-year bonds traded at 12.39% (-0.13%), 12.94% (-0.09%), 13.54% (-0.05%) and 14.27% (-0.02%) respectively.

In the primary bond market, the average yield was 15.05% in the month of December (November: 15.38%) with FGN APR 2029, FGN APR 2032 and FGN APR 2037 closing at 14.60%, 14.75% and 15.80% respectively.

OUTLOOK: We expect the yields to remain elevated in the coming months as investors are poised to price in the risks associated with the country's general election as well as the current high inflation rate.

FGN BOND YIELDS (%)



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 (6.5%)
Dividend Frequency	Quarterly
5-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

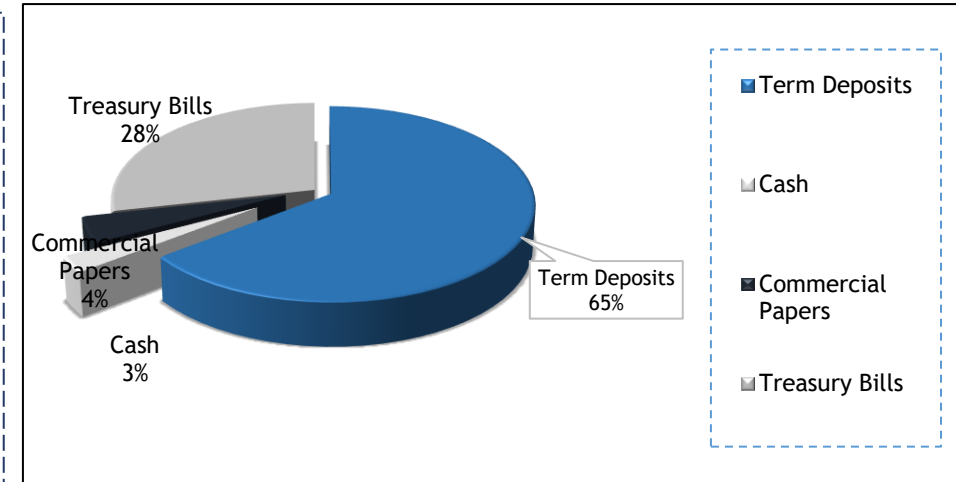
	Nov-22	Dec-22
Current Yield	10.51%	11.05%
Inception to Date	77.95%	79.44%

PERFORMANCE REVIEW:

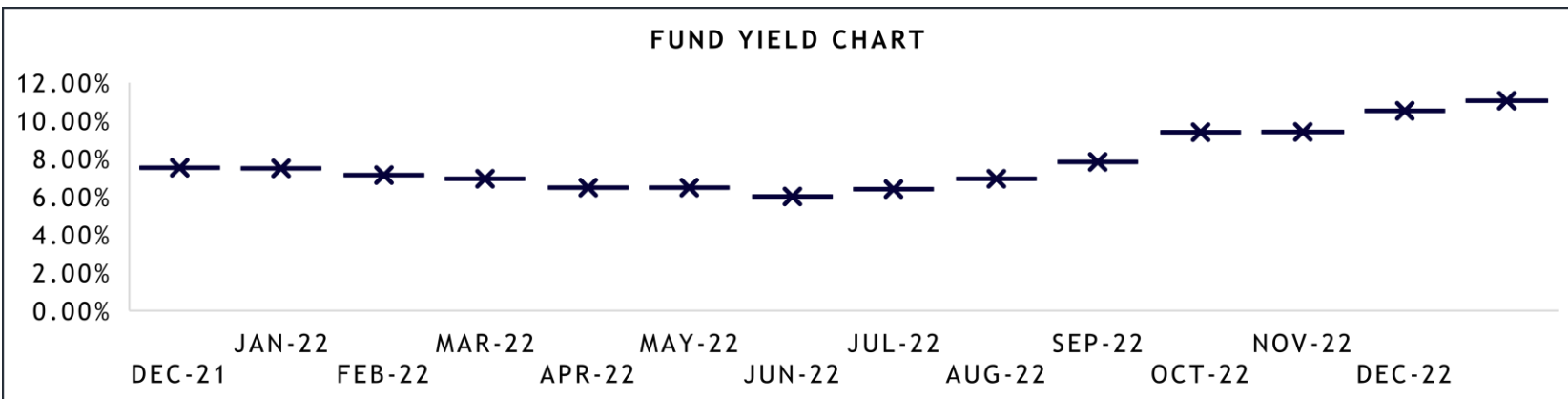
The Treasury Bill market reacted negatively with the 365-day PMA closing down at 8.49%. This was despite the CBN retaining the Monetary Policy Rate (MPR) at 16.5%.

The money market fund's yield however improved mildly by 54 basis points (bps) M-O-M.

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



ASSET QUALITY (% TOTAL ASSETS)	30-Nov-22	31-Dec-22
Term Deposits	58.53	64.54
Cash	2.83	2.70
Commercial Papers	7.69	4.30
Treasury Bills	30.95	28.46



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	6.36%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 11.54

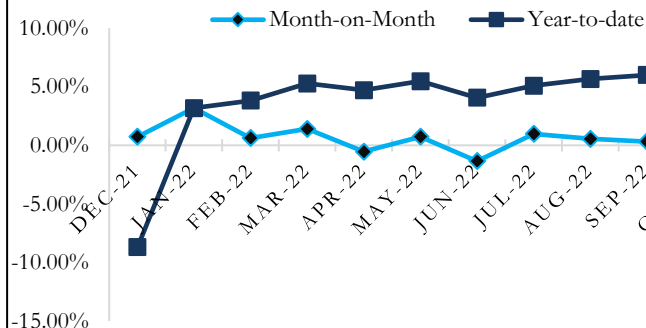
INVESTMENT COMMITTEE

Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
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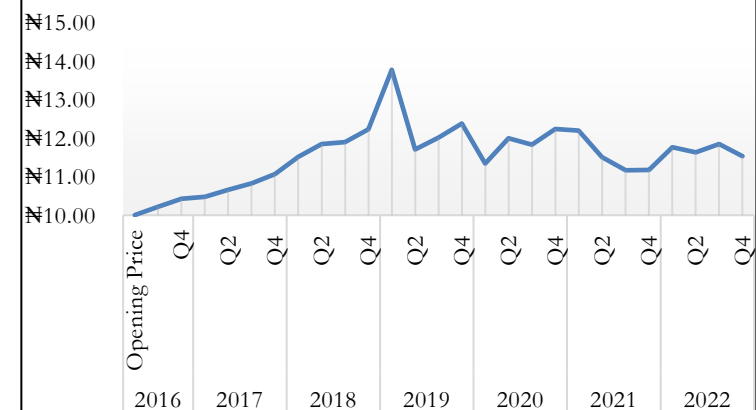
FUND RETURNS

	Nov-22	Dec-22
Month-on-Month	-0.63%	-0.06%
Year-to-date	3.27%	3.21%
Inception-to-date	50.90%	50.83%

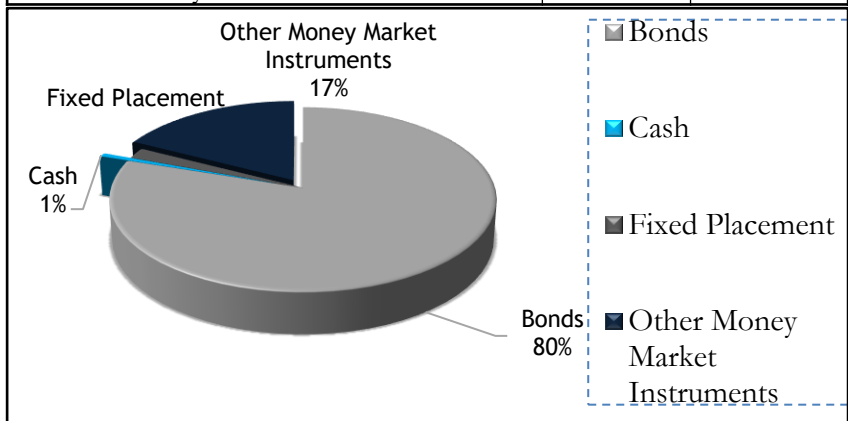
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Nov-22	Dec-22
Bonds	78.84	80.04
Cash	0.31	0.61
Fixed Placement	3.64	1.88
Other Money Market Instruments	17.21	17.47



PERFORMANCE REVIEW:

The fund saw a slight increase from -0.63% to -0.06% in its performance resulting from rapidly expanding Fixed Income yields.

In the bond market, the average yield declined by 204 basis points as it closed at 11.82% in December 2022, compared to 13.86% recorded in November 2022.

This presents buying opportunities for new investors as they can benefit from the low pricing of the fund.

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

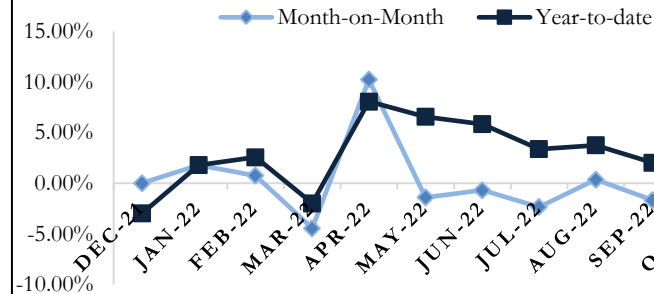
Fund type	Open-ended
Category	Balanced Fund
Risk profile	Moderate
Launch date	15-May-15
Fund Manager	PAC Asset Management Limited
Trustees	FBN Trustees Limited
Custodian	UBA Global Investor Services
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	Composite index comprising of NSE ASI, 5-Year Nigerian Sovereign Bond, 1-Year Nigerian Treasury Bill
Dividend Frequency	Annual
5-Year Annual Growth Rate	10.96%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.60

INVESTMENT COMMITTEE

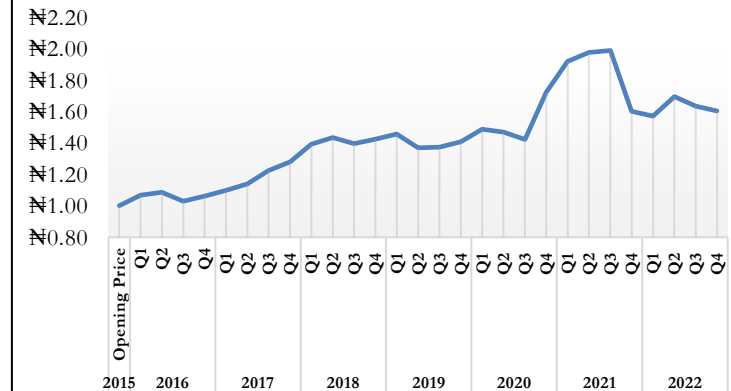
Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr. Bunkaya Gana	Trustee's Representative
Mr. Bamidele Ige	Fund Manager
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

FUND RETURNS	Nov-22	Dec-22
Month-on-Month	-4.31%	2.93%
Year-to-date	-2.74%	0.11%
Inception-to-date	107.87%	112.58%

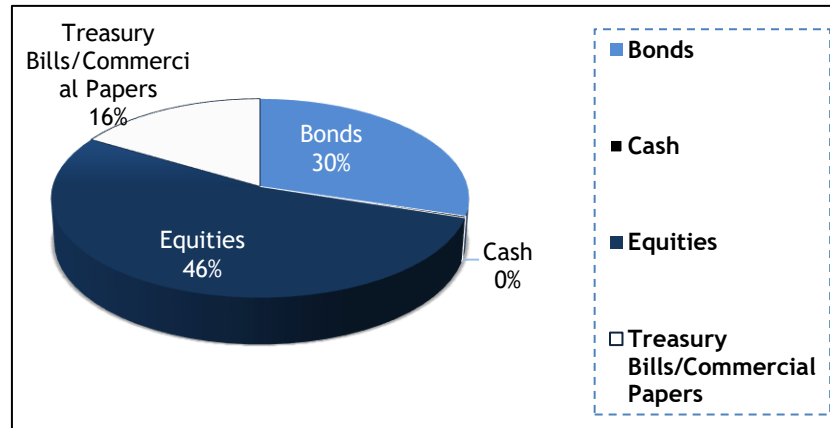
FUND RETURNS CHART



Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Nov-22	Dec-22
Bonds	30.29	29.72
Cash	0.23	0.25
Equities	44.81	45.90
Treasury Bills/Commercial Papers	24.67	24.13



PERFORMANCE REVIEW:

The fund NAV witnessed M-o-M increase mainly due to the uptick in the equities space as investors are taking position in anticipation of full year financials for some assets (stocks) they are holding.

Investors are advised to take advantage of the current valuation of assets to consolidate their holdings in the fund as the fund is well diversified for optimum returns.

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	14.92%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.46

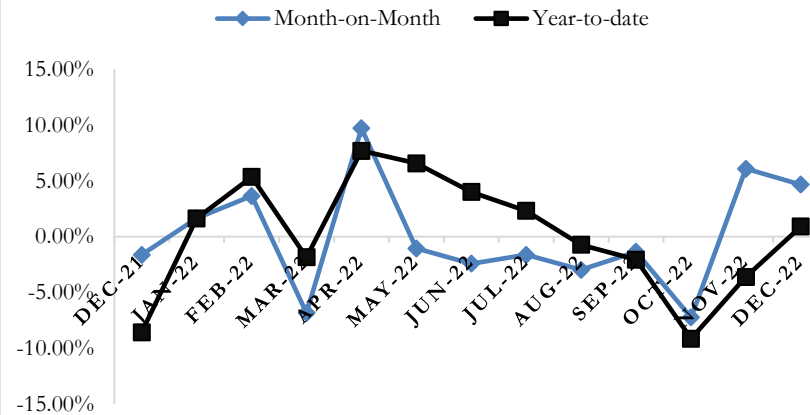
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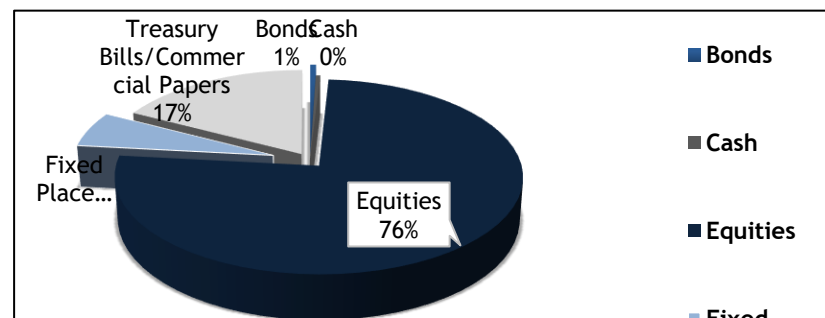
FUND RETURNS

	Nov-22	Dec-22
Month-on-Month	6.09%	4.67%
Year-to-date	-3.60%	0.91%
Inception-to-date	62.29%	68.80%

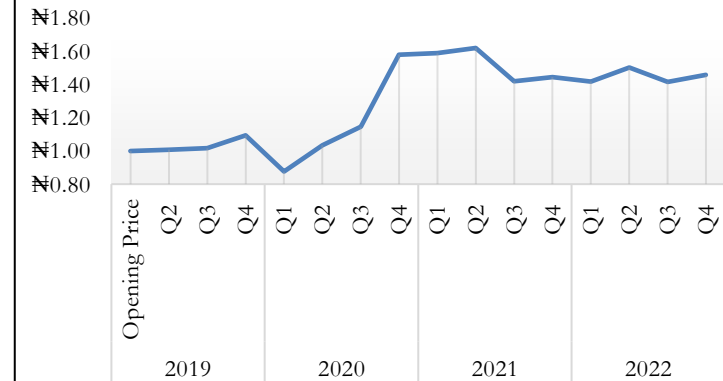
FUND RETURNS CHART



ASSET QUALITY (% TOTAL ASSETS)	Nov-22	Dec-22
Bonds	0.55	0.53
Cash	0.45	0.39
Equities	74.77	75.77
Fixed Placement	6.16	5.96
Treasury Bills/Commercial Papers	18.06	17.34



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

Nigerian equities market went up in December as the NGX All-Share Index and Market Capitalization appreciated went up by 19.98% to close at 51,251.06 while the Market Capitalization closed the year at ₦27.92 trillion.

This is in anticipation of full year financials for some assets (stocks) they are holding.

We expect further uptick as investors are poised to increase their stake in the country's equities market given the expected dividend yield.

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

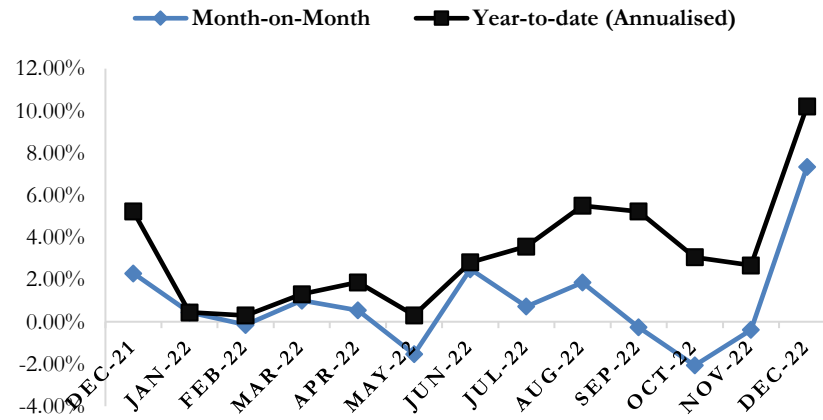
Fund type	Open-ended
Category	Dollar Denominated Bond Fund
Risk profile	Moderate
Launch date	20-May-19
Fund Manager	PAC Asset Management Limited
Trustees	FCMB Trustees Limited
Custodian	UBA Global Investor Services
Auditor	Adekunle Alli & Co.
Management Fee	1% of NAV
Benchmark	5-Year Nigerian sovereign Eurobond
Dividend Frequency	Annual
Compounded Annual Growth Rate	7.21%
Dealing Days	Monday – Friday
	\$
NAV per unit (USD)	127.05

INVESTMENT COMMITTEE

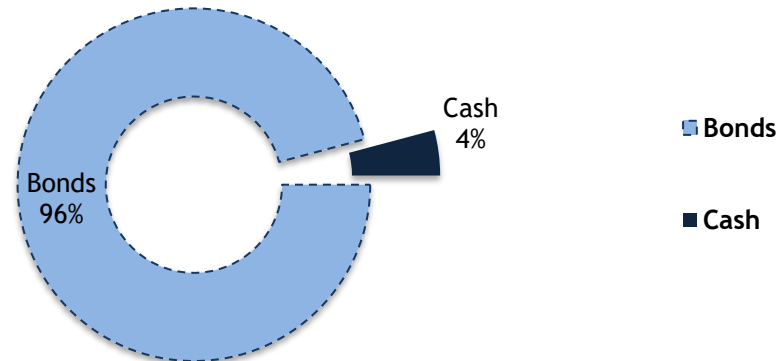
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Mr. Sina Alimi	Member
Mr. Bunkaya Gana	Trustee's Representative
Mr. Bamidele Ige	Fund Manager
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

FUND RETURNS	Nov-22	Dec-22
Month-on-Month	-0.38%	7.35%
Year-to-date (Annualised)	2.68%	10.22%
Inception-to-date	21.27%	29.97%

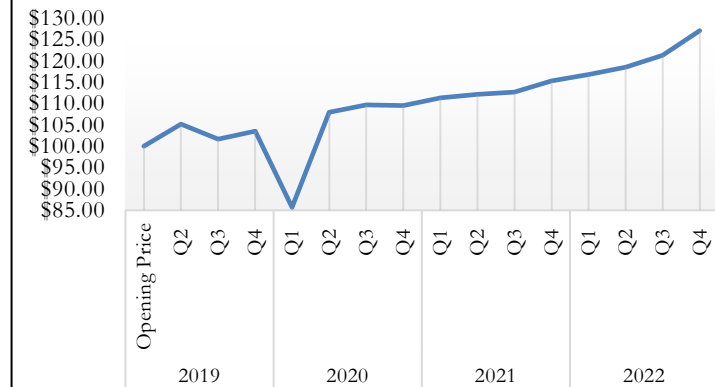
FUND RETURNS CHART



ASSET QUALITY (% TOTAL ASSETS)	Nov-22	Dec-22
Bonds	98.02	95.85
Cash	1.98	4.15



Q-o-Q Fund Price since Inception



PERFORMANCE REVIEW:

The month saw asset prices move up in the Eurobond space which led to an increase in fund's NAV during the month under review.

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:	Nov-22	Dec-22	% Change
PACAM Balanced Fund	₦1.56	₦1.60	2.56%
PACAM Fixed Income Fund	₦11.85	₦11.54	-2.66%
PACAM Money Market Fund	₦10.00	₦10.00	
PACAM Equity Fund	₦1.39	₦1.46	5.04%
PACAM Eurobond Fund	\$118.35	\$127.05	7.35%

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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RC695281

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