



# PAC Asset Management

■ MUTUAL FUNDS ■ FIXED INCOME ■ WEALTH MANAGEMENT ■



- Your Asset Manager of Choice.

# Monthly Fund Manager's Report – January 2023

## January 2023 Market & Economic Review

### MACROECONOMIC OVERVIEW

**GROSS DOMESTIC PRODUCT (GDP):** Nigeria's real GDP increased by 2.25% in the third quarter of 2022, representing a decline from the 4.03% recorded in the same period (Q3) of 2021 (according to available data from the National Bureau of Statistics). Despite the challenging economic environment and external headwinds, Nigeria's economy remains resilient as the country's government and its monetary authority continue to pursue growth-oriented policies. Despite the domestic challenges and other externalities, Nigeria's economy was resilient with the country's GDP estimated to have grown by 3.0 percent in 2022 from 3.6 percent in 2021, according to the latest figures from IMF. Thanks to the non-oil sector of the economy which was the major driver of growth in 2022.

**INFLATION:** The country's headline inflation declined from 21.47% (year-on-year) in November to 21.34% in December 2022, driven by the increase in both food and core inflation. While the inflation rate declined year-on-year, increased demand during the festive period contributed to the increase in inflation on a month-on-month (m/m) basis. The headline index grew by 1.71% m/m in December 2022 (November: 1.39%).

**MONETARY POLICY:** The Monetary Policy Committee of the Central Bank of Nigeria kicked off in the new year with a 100 basis points hike in the key lending rate, increasing the interest rate from 16.5% in November to 17.5% in January 2023. Although the inflation rate moderated marginally in December 2022, the committees raised the key rate to combat the elevated headline index which is a downside risk to the performance of the country's economy.

**CRUDE OIL:** The average price of Brent crude increased by 3.2% in January 2023 to \$83.91 per barrel (December 2022: \$81.34) as on increasing demand and as China reopened businesses after the lockdown to curtail the spread of Covid-19.

**FOREIGN EXCHANGE:** On the Investors and Exporters Window, the naira depreciated slightly by ₦0.97k in December 2022 as the exchange rate closed the month at ₦461.30/\$ (December 2022: ₦460.82/\$ ).

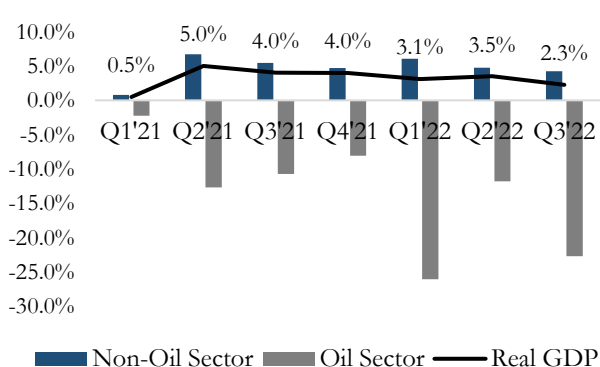
**OUTLOOK:** We expect Nigeria to maintain positive real GDP growth in 2023, albeit at a slower pace. In addition, the success of 2023 general election remains an upside to the country's growth this year.

We expect the country's inflation rate to slow as the Central Bank of Nigeria (CBN) continues its aggressive move to combat the rising headline index. While the apex bank is expected to maintain the hawkish stance in the first half of 2023, we opine that the monetary authority will consider rate reduction to fuel economic growth.

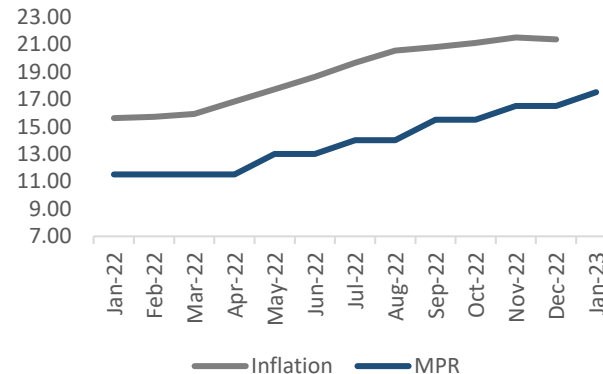
We expect the CBN to continue to defend the naira in the coming days in response to the recent downgrade of the country's credit ratings.

An increase in the country's oil output is expected in the short to medium term as the government continues its campaign against oil theft. Also, increasing investment in the gas sector and Dangote refinery are expected to support the growth in the sector

Real GDP, Oil and Non-Oil Sector Growth



Inflation/MPR (%)



# Monthly Fund Manager's Report – January 2023

## January 2023 Market & Economic Review

### EQUITIES MARKET OVERVIEW

The bulls dominated the Nigerian Equities market in January 2023 as investors bet on the dividend season. The month of January ended with a positive return as the NGX All Share Index of gained 3.88% to close at 53,238.67 while the Market Capitalization closed at ₦29.00 trillion. For January, the top gainers for the month were INTENEGINS (+97.37%), JOHNHOLT (82.19%) and MBENEFIT (44.44%).

**OUTLOOK:** While we expect a peaceful general election in 2023, we opine that whoever emerges the winner among the top contenders will favor the market with the resultant increase in economic activities. Therefore, we expect 2023 to ultimately provide a series of meaningful opportunities for equities investors who are guided by relevant market precedents.



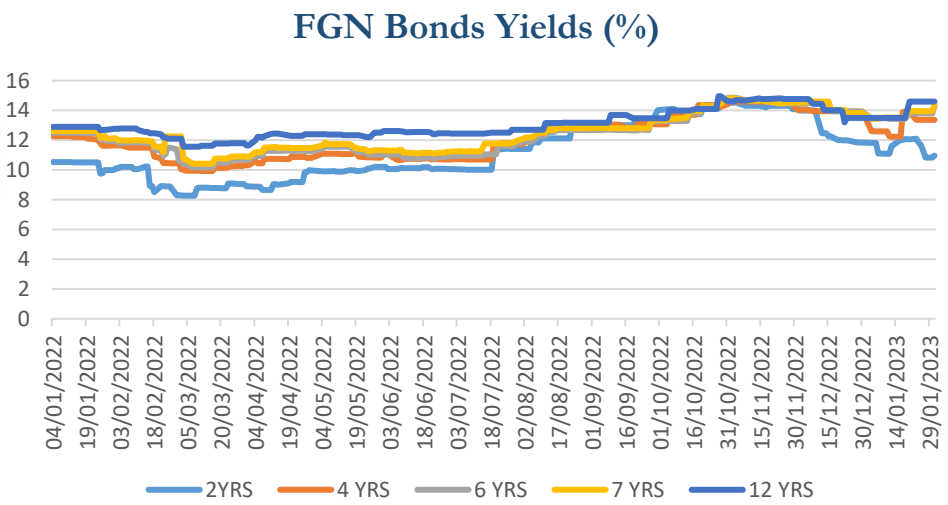
Source: NGX, PAC Research

### BOND MARKET OVERVIEW

In the secondary bond market, the average yield declined by 116 basis points as it closed at 13.51% in January 2023 relative to 13.39% recorded in December 2022. At the close of the month, the 2-year, 4-year, 6-year and 12-year bonds traded at 10.97 (-0.86%), 13.36% (-0.52%), 14.30% (0.39%) and 14.58% (1.08%) respectively.

In the primary bond market, the FGN FEB 2028, FGN APR 2032, FGN APR 2037 and FGN APR 2049 closed at 14.00%, 14.90%, 15.80% and 15.90% respectively.

**OUTLOOK:** While the recent downgrade in Nigerian sovereign ratings with associated fiscal strain and dollar squeeze are expected to drive yield in the bond market, we maintain the stance that the country is not a debt-default candidate in the near term.



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 (1.93%)
Dividend Frequency	Quarterly
5-year Annual Growth Rate	9.55%
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

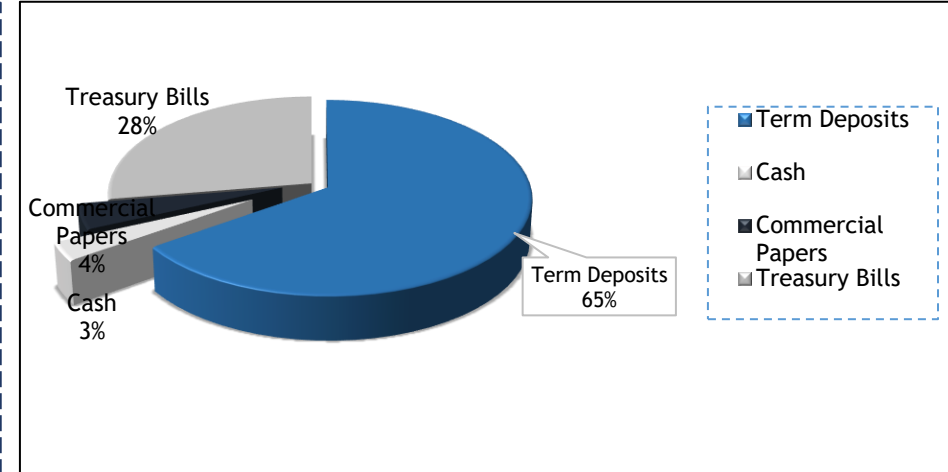
	Dec-22	Jan-23
Current Yield	11.05%	10.74%
Inception to Date	79.44%	81.15%

### PERFORMANCE REVIEW:

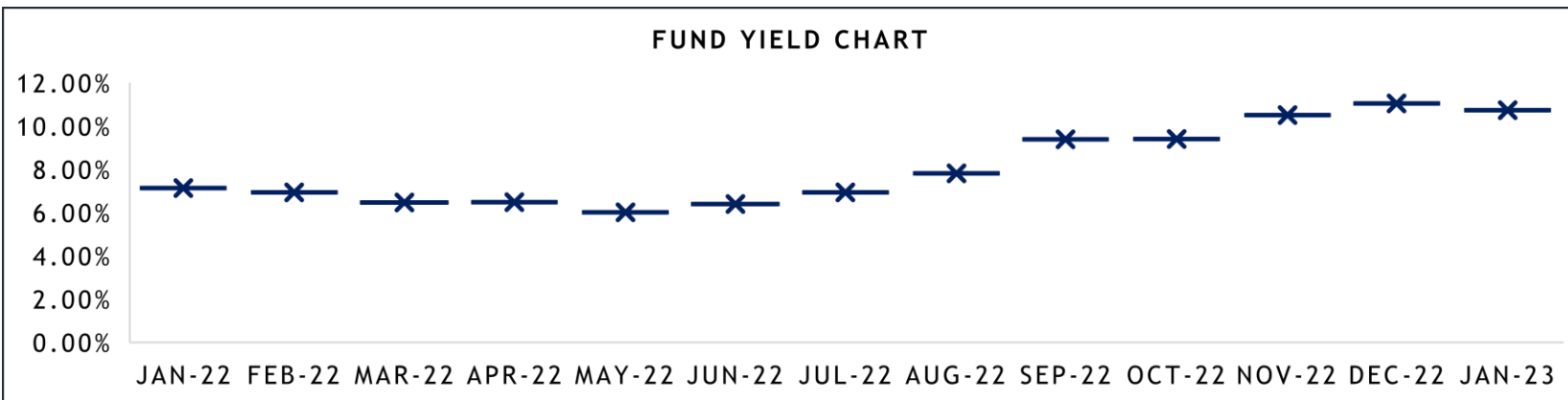
Despite the CBN increasing the Monetary Policy Rate (MPR) by 100bps from 16.5% to 17.5%, we saw the treasury bill rate slightly dip.

This impacted the money market fund's yield negatively as it decreased mildly by 31 basis points (bps) M-O-M.

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



ASSET QUALITY (% TOTAL ASSETS)	31-Dec-22	31-Jan-23
Term Deposits	64.54	65.17
Cash	2.70	3.05
Commercial Papers	4.30	4.20
Treasury Bills	28.46	27.58





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

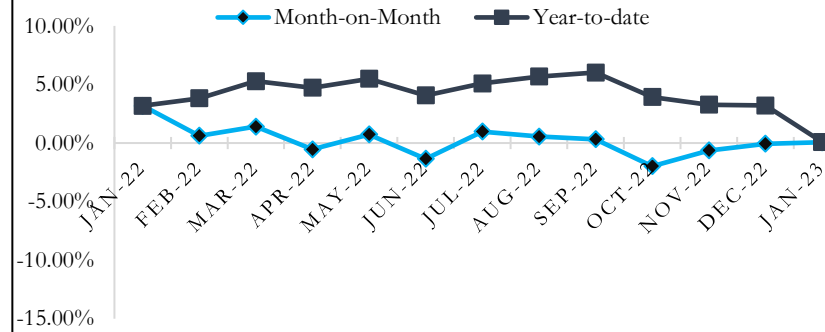
Fund type	Open-ended
Category	Fixed Income Fund
Risk profile	Moderate
Launch date	27-Jul-16
Fund Manager	PAC Asset Management Limited
Trustees	Greenwich Trustees Limited
Custodian	UBA Global Investor Services
Auditor	BDO Professional Services
Management Fee	1% of NAV
Benchmark	5-year Nigerian Sovereign Bond
Dividend Frequency	Annual
5-Year Annual Growth Rate	6.28%
Dealing Days	Monday - Friday
NAV per unit (NGN)	NGN 11.542

### INVESTMENT COMMITTEE

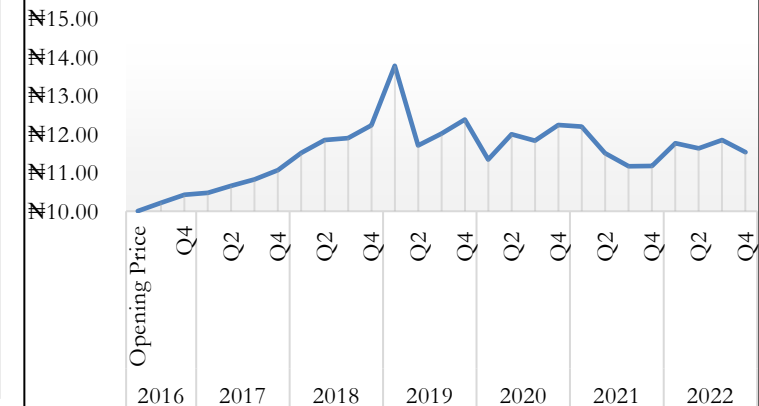
Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr. Bunkaya Gana	Trustee's Representative
Mr. Bamidele Ige	Fund Manager
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

FUND RETURNS	Dec-22	Jan-23
Month-on-Month	-0.06%	0.06%
Year-to-date	3.21%	0.09%
Inception-to-date	50.83%	50.89%

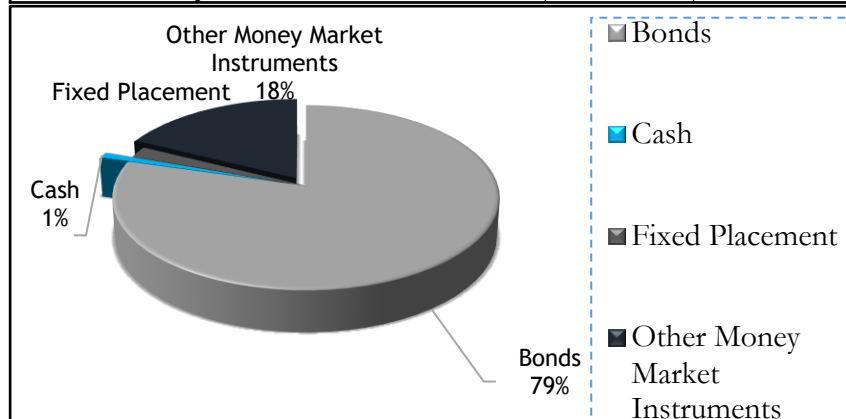
### FUND RETURNS CHART



### Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Dec-22	Jan-23
Bonds	80.04	79.48
Cash	0.61	0.98
Fixed Placement	1.88	1.91
Other Money Market Instruments	17.47	17.64



### PERFORMANCE REVIEW:

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

In the secondary bond market, the average yield declined by 116 basis points as it closed at 13.51% in January 2023 relative to 13.39% recorded in December 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

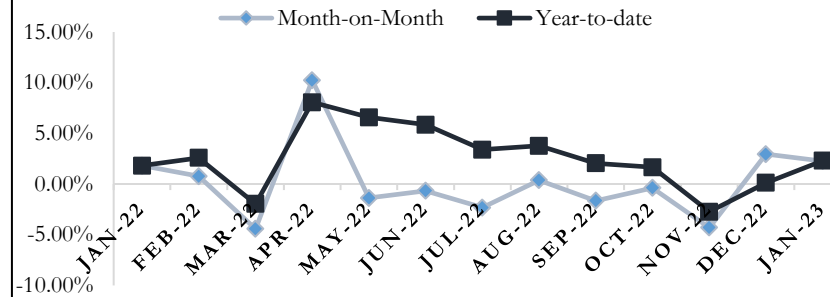
Fund type	Open-ended
Category	Balanced Fund
Risk profile	Moderate
Launch date	15-May-15
Fund Manager	PAC Asset Management Limited
Trustees	FBN Trustees Limited
Custodian	UBA Global Investor Services
Auditors	BDO Professional Services
Management Fee	1% of NAV
Benchmark	Composite index comprising of NSE ASI, 5-Year Nigerian Sovereign Bond, 1-Year Nigerian Treasury Bill
Dividend Frequency	Annual
5-Year Annual Growth Rate	11.10%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.64

### INVESTMENT COMMITTEE

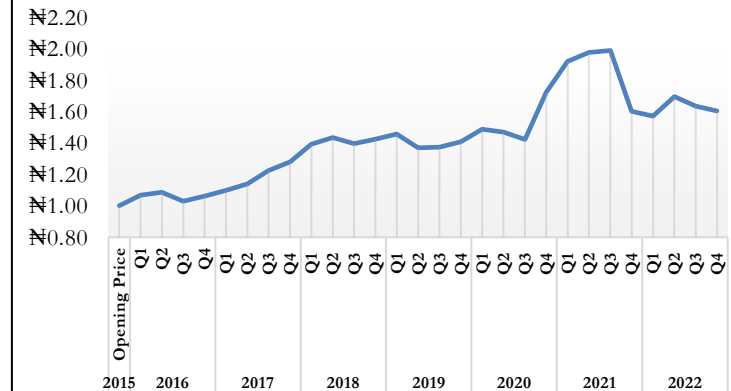
Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr. Bunkaya Gana	Trustee's Representative
Mr. Bamidele Ige	Fund Manager
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

FUND RETURNS	Dec-22	Jan-23
Month-on-Month	2.93%	2.26%
Year-to-date	0.11%	2.29%
Inception-to-date	112.58%	116.31%

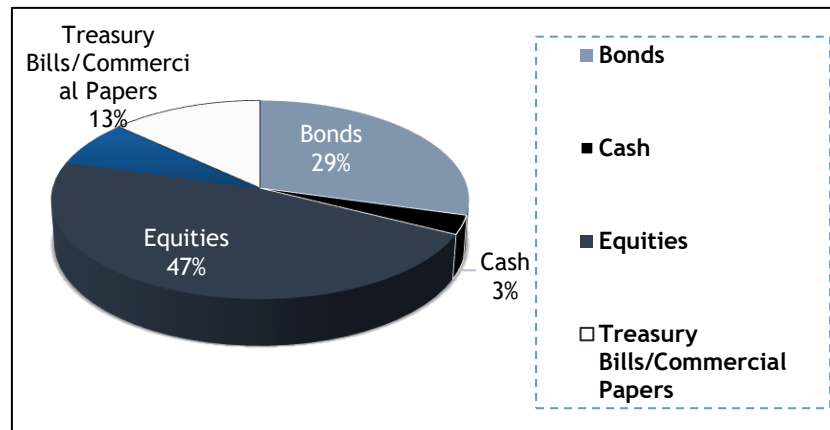
### FUND RETURNS CHART



### Q-o-Q Fund Price since Inception



ASSET QUALITY (% TOTAL ASSETS)	Dec-22	Jan-23
Bonds	29.72	29.34
Cash	0.25	3.08
Equities	45.90	46.89
Treasury Bills/Commercial Papers	24.13	20.70



### PERFORMANCE REVIEW:

The fund NAV witnessed Y-T-D increase mainly due to the uptick in the equities space which cushioned the effect of the downturn in the fixed income space.

The fund saw investors position in the equities space as they await the full year result of stocks they hold. Investors are advised 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	15.39%
Dealing Days	Monday – Friday
NAV per unit (NGN)	NGN 1.51

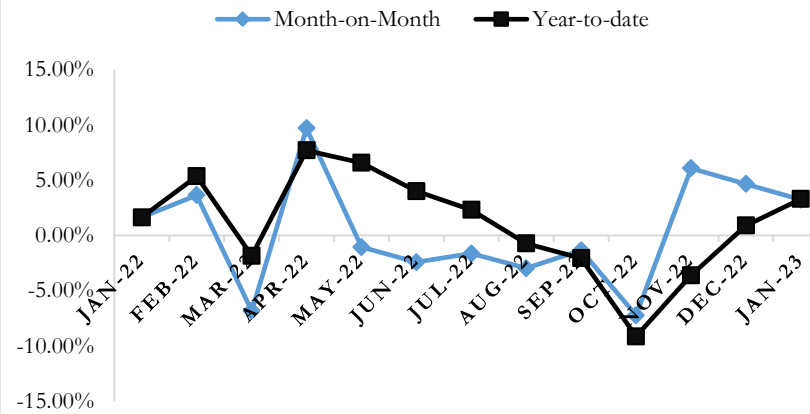
### INVESTMENT COMMITTEE

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

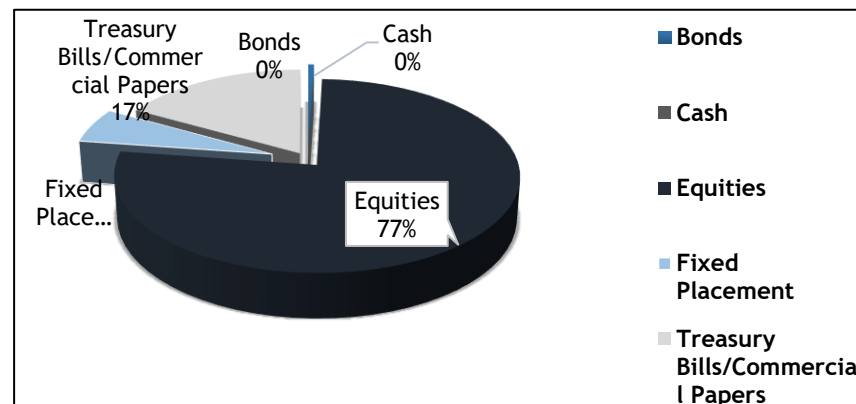
	Dec-22	Jan-23
Month-on-Month	4.67%	3.23%
Year-to-date	0.91%	3.30%
Inception-to-date	68.80%	73.52%

### FUND RETURNS CHART

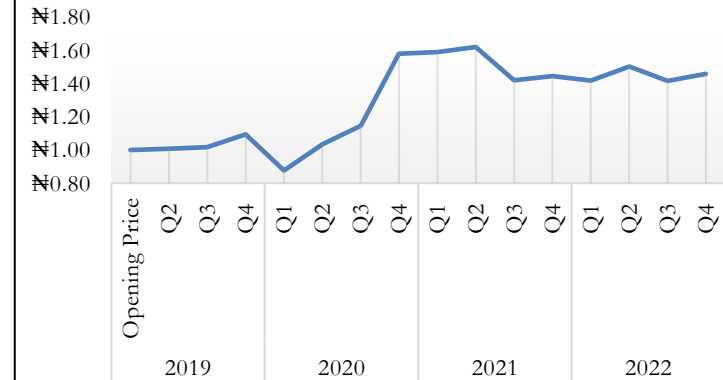


### ASSET QUALITY (% TOTAL ASSETS)

	Dec-22	Jan-23
Bonds	0.53	0.51
Cash	0.39	0.02
Equities	75.77	76.75
Fixed Placement	5.96	5.85
Treasury Bills/Commercial Papers	17.34	16.87



### Q-o-Q Fund Price since Inception



### PERFORMANCE REVIEW:

The month of January ended with a positive return as the NGX All Share Index of gained 3.88% to close at 53,238.67 while the Market Capitalization closed at ₦29.00 trillion.

This is in anticipation of full year financials as the market saw investors gear up for expected dividends by increasing the value of 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

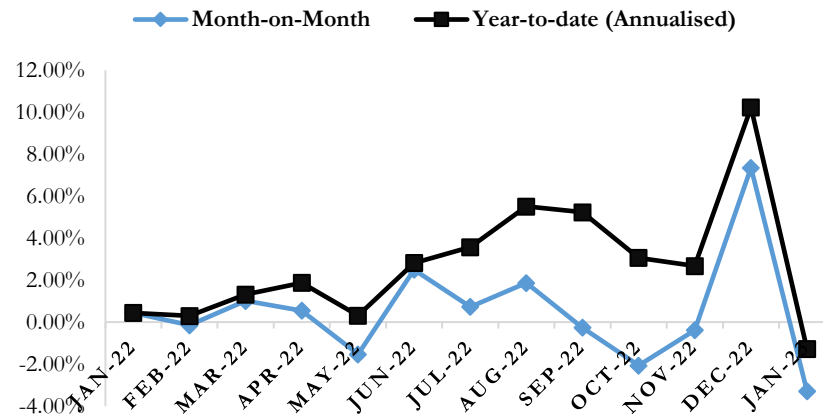
Fund type	Open-ended
Category	Dollar Denominated Bond Fund
Risk profile	Moderate
Launch date	20-May-19
Fund Manager	PAC Asset Management Limited
Trustees	FCMB Trustees Limited
Custodian	UBA Global Investor Services
Auditor	Adekunle Alli & Co.
Management Fee	1% of NAV
Benchmark	5-Year Nigerian sovereign Eurobond
Dividend Frequency	Annual
Compounded Annual Growth Rate	6.14%
Dealing Days	Monday – Friday
	\$
NAV per unit (USD)	122.88

### INVESTMENT COMMITTEE

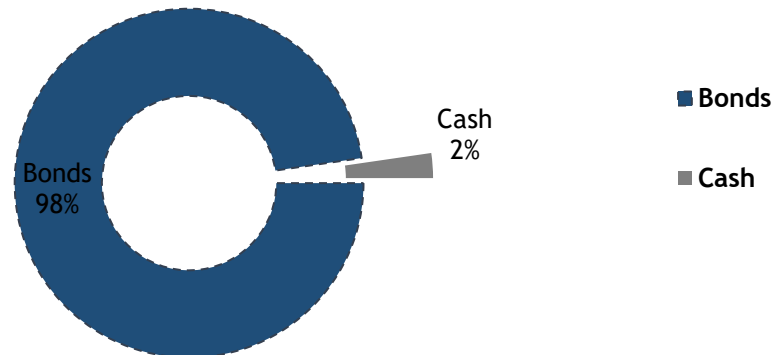
Mr. Sam Onukwue	Chairman
Mr. Sina Alimi	Member
Mr. Bunkaya Gana	Trustee's Representative
Mr. Bamidele Ige	Fund Manager
Mr Moses Ojo	Member
Mrs Taiwo Sonola	Custodian

FUND RETURNS	Dec-22	Jan-23
Month-on-Month	7.35%	-3.29%
Year-to-date (Annualised)	10.22%	-1.28%
Inception-to-date	29.97%	25.80%

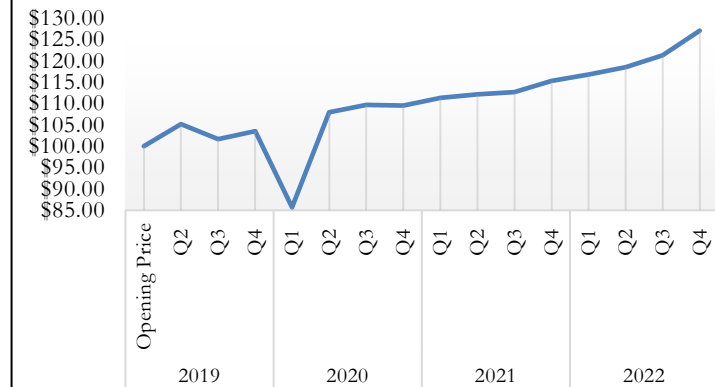
### FUND RETURNS CHART



ASSET QUALITY (% TOTAL ASSETS)	Dec-22	Jan-23
Bonds	95.85	97.70
Cash	4.15	2.30



### Q-o-Q Fund Price since Inception



### PERFORMANCE REVIEW:

The month saw asset prices move down in the Eurobond space which led to a decrease in fund's NAV during the month under review.

This presents buying opportunities for intending investors and 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:	Dec-22	Jan-23	% Change
PACAM Balanced Fund	₦1.60	₦1.64	2.50%
PACAM Fixed Income Fund	₦11.535	₦11.542	0.06%
PACAM Money Market Fund	₦10.00	₦10.00	
PACAM Equity Fund	₦1.46	₦1.51	3.42%
PACAM Eurobond Fund	\$127.05	\$122.88	-3.28%

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.*



## PAC Asset Management Limited

RC695281

A PanAfrican Capital Holdings Company

Plot 8A, Elsie Femi-Pearse Street,  
Off Adeola Odeku Street,  
P.O. Box 70823, Victoria Island,  
Lagos, Nigeria.  
Tel: + 234 (1) 271 6899  
Email: [info@pacassetmanagement.com](mailto:info@pacassetmanagement.com)  
Website: [www.pacassetmanagement.com](http://www.pacassetmanagement.com)



- Your Asset Manager of Choice.