

ALL ABOUT MUTUAL FUNDS...

Yields are trending higher, don't miss the train.

Inflation figures for May show that price levels have increased to 15.6%; a sharp spike from 13.7% recorded in April. This is the highest inflation figure Nigeria has seen in 6 years, driven largely by increases in the price of imported food items, local food items and increased fuel costs. This is likely to result in a spike in yields.

In addition, the Central Bank of Nigeria (CBN) recently introduced a floating exchange rate policy where the Naira's value will be determined by demand and supply, jettisoning the fixed exchange rate of N199/N200. Although it is yet early days, the Naira is currently trading around N280 with the CBN available to intervene if the rate goes above preferred levels.



What is a security?

A "security" is the general term that describes financial products. In these monthly notes, we will look at the different types of – stocks, bonds, the money market, annuities, ETFs and mutual funds. In the world of investing, information is the functional currency!!! We begin with **Exchange Traded Funds.**

Exchange Traded Funds (ETFs)

An Exchange Traded Fund is a fund that mirrors an index, **underlying asset or basket of securities.**

The Asset Management Industry continues to record growth both globally and locally. Nonetheless, the concentration of this growth is attributed to **the** adoption of passive investment products otherwise known as **ETFs.**

According to Morningstar, **passively managed** mutual funds have grown four times faster than traditional active products since 2007. **Presently, in Nigeria, there are seven ETFs with a Net Asset Value of N3.7 billion,** representing a four-year compound annual growth rate of 79% compared to 33% recorded by active funds for the same period. **Also, there have been coordinated efforts by regulators and market participants to deepen market penetration of ETFs.**



Do you have holdings in the Stanbic IBTC ETF 30? If yes, please spread the good news. If no, you are missing out on a means of gaining exposure to the largest 30 capitalized companies listed on the Nigerian Stock Exchange.

Keep on investing.