

A Report on the Different Mutual Funds in Nigeria

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August 14, 2008

Summary

In recent years, there has been a significant increase in the number of mutual funds in Nigeria. ARM and IBTC were the pioneers in the mutual funds industry in Nigeria. My research shows that these two firms displayed the highest level of professionalism. They replied to emails promptly and provided the very detailed information on the requirements to invest in the stocks.

The report below provides the basic information on the available funds – their contact information, minimum required to invest in the mutual funds, the investment distribution. There was very little information available on 2 of the funds, First Bank's Heritage Fund and Skye Bank's Shelter Fund. A lot of information was sourced from the fund managers' websites, online forums, and email exchanges with the companies.

My research shows that the mutual funds industry in Nigeria is still in its infancy and this is displayed by the lack of basic information about most of the funds (by their managers) and the lack of professionalism.

The ARM Discovery Fund had the lowest amount required to invest in it (N10,000). The average minimum required to invest in most of the other funds was N50,000. A lot of the funds did not provide any information on their management fees. ARM charges a management fee of 1.5% while Kakawa does not charge any first line management fee. However, Kakawa gets 50% of the excess return over the guaranteed investment rate.

FSDH Funds

E-mail: coralfunds@fsdhsecurities.com

Phone: 234-1-2704884-5, 234-1-2640150-9, 234-1-2702880-2 (Dealing only)

Fax: 234-1-2640173-4

FSDH Coral Growth Fund

1. The website is: http://www.fsdhaml.com/coral_growth.asp
2. It was established in February 1, 2001.
3. It is an actively managed, open-ended unit trust scheme that invests in equities and debt securities of large companies quoted on any Nigerian Stock Exchange as well as in investment grade fixed – income securities.
4. The CGF invest 65% in quoted equities and 35% in fixed – income securities.
5. It has achieved a return of 574.66%, which translates to an annual average growth rate of approximately 83.32% per annum. In the same period the NSE All-Share Index achieved an average annual growth rate of 74.17%.
6. From January 2007 to December 2007 the CGF achieved a return 37.23%, while the NSE All-Share Index achieved a return of 74.73%.
7. Minimum initial investment is **N50, 000.00**.
8. Additional minimum investment of **N10, 000.00** can be made thereafter.

FSDH Coral Income Fund

1. The website is: http://www.fsdhaml.com/coral_income.asp
2. It is an open ended, income-based unit trust scheme, which was launched in June 2006.
3. The Fund's structure permits a maximum investment of 30% in quoted equities, while the balance is invested in high-quality fixed-income securities.
4. The primary objective, therefore, of the CIF is to achieve capital preservation over the long-term. The CIF was established to provide investors with an investment outlet that provides stable but competitive returns in excess of inflation.
5. Minimum initial investment is **N50, 000.00**.
6. Additional minimum investment of **N10, 000.00** can be made thereafter.
7. Redemption can be made after a five business days notice has been given in writing to the Fund Manager, FAML.
8. The target investors for this Fund are individual investors with low risk appetite such as retirees, pensioners and institutional investors such as retirement benefit schemes, insurance

companies, co-operatives, endowment funds, fund managers, banks, investment clubs and associations, etc.

9. In addition, Nigerian citizens based abroad as well as other foreign individual & institutional investors can invest in the **CIF**.

FSDH Coral Ethical Fund

1. The website is: http://www.fsdhaml.com/coral_ethical.asp
2. It is an open ended, equities-based unit trust scheme, which was launched in June 2006.
3. The Fund's structure permits an exclusive investment of 100% in quoted equities, which have been screened to exclude companies whose principal business is deriving interest income, companies that are engaged in the production of alcoholic beverages and tobacco related products.
4. The CEF does not invest in interest bearing securities.
5. The primary objective, therefore, of the CEF is to serve the financial requirements of investors who wish to avoid portfolio exposure to companies that are engaged in activities, which contradict or compromise their core ethical and religious values and simultaneously achieve a good rate of return on their investments, over the long-term.
6. Minimum initial investment is **N50, 000.00**.
7. Additional minimum investment of **N10, 000.00** can be made thereafter.
8. Ethical investors based abroad as well as other foreign ethical funds can invest in the CEF.

IBTC Funds

Phone: 01-262 6520, 271 2400

Fax: 01-262 6541, 262 6542

IBTC Nigerian Equity Fund

1. The website is http://www.ibtcassetmanagement.com/products_equity.html
2. It is Nigeria's largest unit trust/mutual fund with a net asset value in excess of N30billion as at 31 December 2007
3. The Fund has outperformed the All Share index of the Nigerian Stock Exchange for 8 out of its 10 years of operation.
4. Invests at least 75% of The Fund's assets in equities of blue chip companies listed on The Nigerian Stock Exchange while retaining a maximum of 25% of its total assets in money market instruments.
5. The minimum investment is N50,000.
6. The primary objective of The Equity Fund is to achieve long-term capital appreciation of its assets by investing in a carefully selected portfolio of high quality equity securities quoted on the Nigerian Stock Exchange and in other securities approved by the Securities & Exchange Commission.
7. Units of The Fund are issued at the prevailing offer price as is equivalent to the monetary value of subscription. The Fund is re-valued at the end of each working day to reflect any changes in the price of the underlying stocks. This means that the value of units held may change from day to day.
8. The aim of The Fund is to achieve capital appreciation over the long term.
9. The Equity Fund achieved a 62.14% return on investment for the period January 2007 to December 2007.
10. Financial year is from January to December.

IBTC Ethical Fund

1. The website is http://www.ibtcassetmanagement.com/products_ethical.html
2. It is the first Ethical fund in the history of the Nigerian capital market. It was quoted in 2005.
3. It allows subscribers to make a profitable investment without compromising their religious beliefs and principles.

4. It invests at least 75% of its assets in selected equities of Nigerian quoted companies, while retaining a maximum of 25% in quality fixed income securities.
5. The minimum application to the fund is N50,000.
6. Launched in 2005, the primary objective of The Ethical Fund is to achieve long-term capital appreciation of its assets by investing in a carefully selected portfolio of high quality equity securities quoted on The Nigerian Stock Exchange.
7. The Ethical Fund follows a **socially responsible approach** to investing and excludes investments in Breweries and Tobacco sectors of The Nigerian Stock Exchange as well as companies whose activities are considered harmful to the society.
8. Subscriptions to The Fund are processed at the prevailing offer price as is equivalent to the monetary value of subscription. The Fund is re-valued at the end of each working day to reflect any changes in the price of the underlying stocks. This means that the value of unit holding may change from day to day.
9. The aim of The Fund is to achieve capital appreciation over the long term without compromising religious beliefs and principles.
10. The Ethical Fund achieved a 76.74% return on investment for the period January 2007 to December 2007 and its net asset value is currently in excess of N7billion naira.
11. The fund's financial year ends on 30 September annually.

IBTC Guaranteed Investment Fund

1. The website is http://www.ibtcassetmanagement.com/products_guaranteed.html
2. The first Guaranteed Investment fund of its kind in the history of the Nigerian capital market.
3. Initial investment guaranteed after 3 months.
4. Introduced in 2007, this Fund is designed to protect your principal investment and still give you long-term growth.
5. The principal amount invested is guaranteed against diminution in value provided the investment is held for a minimum of three months.
6. The Fund's objectives are achieved by investing a minimum of 75% of the portfolio in fixed income securities including Federal Government Bonds, Money Market Securities and other approved by Nigeria's Securities & Exchange Commission; and a maximum of 25% in equities of blue chip companies listed on The Nigerian Stock Exchange.
7. The minimum application is N50,000.

8. Although the primary objective of The Fund is to achieve long-term capital appreciation of its assets, the principal amount invested is also guaranteed against diminution in value provided the investment is held for a minimum of three months.
9. The Fund's objectives are achieved by investing in a portfolio of fixed income securities including Federal Government Bonds, Money Market Securities and capital market securities approved by the Securities & Exchange Commission in the ratio 75:25.
10. Like the other mutual funds under management, subscriptions are processed at the prevailing offer price on the relevant day and the fund is re-valued at the end of each working day to reflect any changes in the price of the underlying assets. This means that the value of investment held may change from day to day.

ARM Funds

Phone: 234-1-4718282, 234-1-4718169

Fax: 234-1-2692835

Email: discoveryfund@arm.com.ng or customerservice@armdiscoveryfund.com

ARM Discovery Fund

1. The website is <http://www.armdiscoveryfund.com>
2. This is the flagship fund and the oldest mutual fund in Nigeria of ARM.
3. It invests in stocks of companies quoted on the floor of the Nigeria Stock Exchange (NSE), money market instruments, and real estate securities to achieve long-term capital growth.
4. Investing in the ARM Discovery Fund is similar to buying shares of various companies on the Stock Exchange.
5. ARM Investment Managers' approach to investing is value-oriented and defensive seeking to maintain balance between risk and return. Value investing helps to identify investments that do not reflect their true value; thereby creating opportunities for superior and consistent returns over the long-term.
6. The ARM Discovery Fund has returned 1027.50% since inception with an annual average return of 24.87%.
7. The management fee is 1.5% and minimum investment is N10,000.

ARM Aggressive Growth Fund

1. The website is <http://www.arm.com.ng/agf/armagf.html>
2. This investment is designed for the individual whose primary goal is to achieve capital appreciation and is willing to accept significantly high level of risk for the possibility of higher returns in the long term.
3. The ARM Aggressive Growth Fund has outperformed the NSE ASI with an Annual Return of 41.35% since inception.
4. The fund is made up of minimum investment of 80% in equity security and the remaining 20% in money market and fixed income investments.
5. The management fee is 1.5% and minimum investment is N50,000.
6. The fund paid a dividend of N8.50 per unit in 2007.

Kakawa Discount House Funds

Phone: +234 1 2645480, 2645481, 2645482, 2645483, 2645484, 2645485, +234 1 2601516, 2601517, 2601519, 2702290, 2702291, 2702292, 2702293, 2702294

Fax: +234 1 2645500, 2645501

Email: enquiries@kgif.net

Kakawa Guaranteed Investment Fund

1. The website is: <http://kgif.net/index.php>
2. Guarantees a minimum return of 13.5%.
3. Unit Holders of KGIF will participate in any excess income earned by the Fund over and above the minimum guaranteed rate. That is, the excess return earned over the minimum guaranteed rate is split in the following ratio: 35% to unit holders; 1.5% to be placed in the Fund reserve account; 50% to the Fund Manager.
4. Also, the KGIF does not charge any 'first line' management fees. This means that the Fund Manager only earns a fee out of the excess income generated above the minimum guaranteed rate, and will at no time exceed 3.5% of the Net Asset Value of the Fund.
5. Minimum investment: 50,000 Units (N1 each) and in multiples of 5,000 Units thereafter.

Fidelity Bank Funds

Tel: 234-1-55582663-6

Fax: 234-1-5558266

Fidelity Bank Nigeria Fund

1. The website is http://www.fidelitybankplc.com/nigfund/nigfund_home.aspx
2. NIGFUND is an open-ended specialized unit trust scheme authorized and registered with the Securities and Exchange Commission under Section 125 of the Investments & Securities Act, 1999.
3. The objective is to pool funds from the investing public and prudently investing same under the management of a professional fund manager thus making the investors (Unit Holders) beneficiaries of income, capital growth and hence wealth creation accruing from the Fund's investments.
4. The Fund is an investment vehicle conceptualized and packaged to meet the yearnings of investors who attach a high premium to safety, growth, optimal yield, and liquidity.
5. The investment objective of the Fund is to maximise returns on capital employed. In addition, the Fund seeks to maintain a balance between realised income and capital growth to ensure regular dividend payments and continuous appreciation in asset values, while ensuring optimal safety of assets and adequate liquidity to meet the Fund's obligations as they fall due.
6. Applications must be for not less than 10,000 units and in multiples of 1,000. The number of units for which application is made and the value in Naira of cheque or bank draft or cash attached must be entered in the boxes provided. ***This was information as at the time of the listing. Additional information on how to get it currently is not available.***

Oceanic Bank Funds

Oceanic Bank Vintage Fund

1. The website is:
http://www.oceanicbanknigeria.com/products/products.php?product_id=47
2. The Oceanic Bank Vintage Fund (“the Fund”) is a unit trust (also known as mutual fund) that pools investors funds together and invests in shares of companies quoted on the Nigerian Stock Exchange (NSE), real estate investments, money market instruments (such as treasury bills), fixed income investments, and government bonds issued by the Central Bank of Nigeria(CBN).
3. Minimum investment of N50,000 with additional units of N10,000 each.
4. The Oceanic Bank Vintage Fund is managed by Oceanic Asset Management;. Our corporate office is situated at Plot 270 Ozumba Mbadiwe Avenue, Victoria Island, Lagos. We also have 78 other branches spread across the nation.
5. Within four weeks of your subscription to the Vintage Fund, your certificate will be sent to you confirming your investment in the Fund. In the interim, we will send an investment receipt to you confirming the number of units that you have bought.
6. Oceanic Vintage Fund is an open-ended Balanced Mutual Fund or Unit Trust.
7. A pool of fund invested on behalf of Unit holders in various financial instruments and Real Estate
8. With as little as N50, 000, you can invest directly into the Oceanic Bank Vintage Fund. You can also increase your investment by making periodic additional investment of a minimum of N10, 000 each. This is to enable you build up your investment without putting unnecessary strain on your standard of living
9. You may start investing in the Fund by completing a subscription form and making the necessary payments at any of our branches nationwide into Oceanic Vintage Fund account – 0011101022086, and send the copy of the payment slip with your form to our office through the branch.

Cashcraft Funds

Phone: 01-2694287, 2694288, 2694289, 4612207, 2701678, 2701679

Email: lagos@cashcraft.com, yaba@cashcraft.com, ikeja@cashcraft.com

Fax: 234-1-2694289

Cashcraft Anchor Fund

1. This is not a guaranteed investment fund.
2. The Anchor Fund, which is constituted under a Trust Deed, is a balanced fund comprising equity, money market instruments, real estate and opportunistic investments.
3. Target investors are those who seek investments in a Balanced Fund that affords superior returns from a balanced asset allocation strategy.
4. Investors can subscribe to its Units through any agent duly appointed by the Fund Manager at the prevailing Net Asset Value (NAV).
5. In accordance with the provisions of the Trust Deed, the Fund Manager will issue additional Units of the Fund to subscribers on demand after the Offer of Units has been fully subscribed, subject to the approval and registration of the additional Units by the Commission.

Cashcraft Bedrock Fund

1. It is a well diversified portfolio whose assets are spread between equities, money market, and real estate.
2. Bedrock Fund's investments are in the 20 most capitalized stocks which have the capacity to withstand fluctuating business cycles as the economy goes through booms and recession over the year.
3. Anchor Fund is a balanced fund the risks are well spread as the funds are in various stocks, real estate, and financial instruments.
4. On January 1st of every year, the fund manager will compute the market capitalization of all stocks listed on the Nigerian Stock Exchange and choose the 20 most capitalized stocks. All our investments till the end of the year will be in the stocks.
5. Returns for this fund are more than those for the Anchor Fund because equities offer the highest returns and risks compared with money market and real estate investment. So the return is higher for Bedrock fund, but it also carries the greatest risks and that is why the return is higher.
6. Investments can be redeemed at NAV after 91 days of purchase.

Zenith Bank Funds

Phone: +234 1 2784130-34

Email: info@zenith-funds.com

Zenith Equity Fund

1. It is for investors who don't mind the high risks and are seeking aggressive growth and diversification.
2. The fund invests in government securities, corporate bonds, commercial bills and listed shares.
3. The asset allocation is 20% fixed income and 80% in equities. Medium level of risk.
4. The fund will invest in bonds and money market instruments in addition to its base equities.
5. Minimum of N100,000 and multiples of N25,000 after.
6. Fund will not invest in foreign-quoted stocks.

Zenith Income Funds

1. For those who are risk-averse and seek average returns in secure investments.
2. Fund invests in government securities, corporate bonds, commercial bills, and listed shares.
3. The asset allocation is 80% fixed income and 20% in equities.
4. There is a low risk as fund is cautious and will invest in secure investments.
5. Minimum of N100,000 and multiples of N25,000 after.
6. Fund will not invest in foreign-quoted stocks.

Zenith Ethical Funds

1. For those who are have the appetite for high risks and are seeking aggressive growth, diversification and are socially responsible.
2. Fund invests in listed shares.
3. The asset allocation is 100% in selected equities.
4. There is a high risk fund as the fund will keep cash reserves to the minimum and will hold mainstream equities that meet the ethical criteria.
5. Minimum of N100,000 and multiples of N25,000 after.
6. Fund will not invest in foreign-quoted stocks.

CSL Stockbrokers Funds

Phone: +234 (1) 2793030, 2713920-8

Phone: csls@firstcitygroup.com

Legacy Fund by CSL Stockbrokers

1. The website is: <http://www.legacyfundonline.com:8080/legacyfund-com/index.jsp?u=about.fundmanager>
2. Minimum required is N10,000.
3. Client may walk into any First City Monument Bank Plc (FCMB) and make deposit into the Legacy Fund Account No. 0012060155356001 with the use of bank tellers or the Legacy Fund deposit slips. The full details (names) of the Depositor should be stated. No initials or abbreviations.
4. For every additional/incremental investment by any existing Legacy Fund clients, the deposit should be made into the same account 0012060155356001 with the client full details as contained in the initial investment form. This should be forwarded to: Legacy Fund, CSL Stockbrokers Limited, 17A Tinubu Street, Lagos.
5. However, where the client is a customer of the bank (FCMB) and wishes to increase his/her holdings in the fund periodically, a direct debit or transfer instruction could be given by such customer to the branch manager of the branch where the account is domiciled stating the amount to be transferred at each period.

Lotus Capital Funds

Phone: +234 1 271 3280 - 2

Email: info@lotuscapitallimited.com

Lotus Capital Halal Ethical Funds

1. Lotus Capital was specifically set up to meet the need of ethical investors by specializing in Shari'ah compliant Asset Management, Private Wealth Management, and Financial Advisory Services.
2. There are currently over 20,000 subscribers to the Halal Fund. and this number is increasing.
3. Lotus Capital Halal Fund is an open ended fund which means that investors can buy into the fund and exit when they choose.
4. Each investor's purchase is represented by a number of units which is his/her holding in the fund.
5. Lotus Capital Halal funds are invested in quoted shares that have undergone rigorous qualitative and quantitative screening and fundamental analysis to ensure their eligibility and growth potential.
6. Funds will also be invested in real estate and asset-backed investments.
7. The fund is valued on a weekly basis.
8. There will be no management fees charged on funds invested. Fees are strictly performance based and will be in the form of profit sharing on income generated on your investments.
9. Our target is to generate a return on investment of 20% per annum (after profit sharing)
10. The minimum balance for this account is N20,000.00 (twenty thousand naira only).
11. Payments can be made at any branch of Guaranty Trust Bank to Lotus Capital Halal Investment Fund, Account Number: 208710760112

Afrinvest WA Funds

Phone: +234 (1) 454 8306-11

Email: equityfund@afrinvestwa.com

Afrinvest Equity Fund

1. The website is: <http://www.afrinvestwa.com/equityfund/sign-up.html>
2. Minimum amount required is N50,000
3. Minimum permissible holding after partial redemption is N25,000
4. Minimum of 90% of the fund's assets will be invested in mid- to large-cap companies
5. The Fund will have between 15 to 25 holdings at any time and will not invest more than 10% of its assets in any one company.
6. At the manager's discretion, up to 20% of the Fund's assets may be in cash, cash equivalents, or high quality debt instruments.
7. Designed for investors who have a long-term investment perspective
8. Initial cost of establishing the Fund will be charged against the expected proceeds
9. Administrative costs will not exceed 5%
10. Some interesting tid-bits about the expenses:
 - a. Trustees will be paid 0.05% of the NAV of the fund
 - b. The Manager will be entitled to 1.5% of the NAV of the fund
 - c. The Manager will also be entitled to an incentive fee not exceeding 30% of the total returns in excess of 10% of the fund's NAV per annum

There was very little information available on these funds:

1. First Bank Heritage Fund
2. Skye Bank Shelter Fund