

## NIGERIA ENERGY SECTOR FUND

The Nigeria Energy Sector Fund ("the Fund") is a closed-ended, sector-specific investment vehicle listed on the Nigerian Stock Exchange and managed by SCM Capital Asset Management Limited, the Asset Management subsidiary of SCM Capital Limited (formerly Sterling Capital Markets Limited).

### The Fund Manager

SCM Capital Asset Management Limited is the full service Asset Management subsidiary of SCM Capital Limited and is licensed by the Securities & Exchange Commission as a Fund / Portfolio Manager. At SCM Capital Asset Management; we offer cutting edge professional asset management services to our esteemed clients. We manage assets for a broad range of clients which include: corporate institutions, high-net-worth individuals and retail investors. We provide independent advice based on established research methods, and our experts have in-depth knowledge of the financial market.

### Investment Objective

The objective of the fund is to achieve a balance mix of current income and medium to long term capital appreciation through investment in a diversified portfolio of financial assets within the Nigerian energy sector..

### Investor Profile

The Fund may be of interest to the following investors:

- ◆ Investors desirous of leveraging on the pool to benefit in big ticket investments.
- ◆ Busy executives with very tight schedule
- ◆ Nigerians in diaspora and foreign portfolio investors interested in making some investment in Nigeria without having to carry the burden of management.

## Benefits of the Fund

- Liquidity
- Affordability
- Professional Management
- Performance Monitoring
- Accessibility

## MARKET COMMENTARY

### Equity Market

The local stock market closed July on a bearish note, primarily due to banks implementing their recapitalization strategies and price declines in key Industrial Goods and banking Sector stocks. The significant losses recorded were (NB: -14.41%, DANGSUGAR: -13.60%, GUINNESS: -11.57%, DANGCEM: -9.99%, NESTLE: -9.78%, UBA: -9.37%, ZENITHBANK: -6.76%, HONYFLOUR: -4.17%, ACCESSCORP: -3.68%, and INTBREW: -2.33%). Sector performance was mostly negative, with the Industrial Goods index leading with a 5.58% MoM loss, followed by the Consumer Goods Index (-4.53% MoM), Banking Index (-3.47% MoM), and Insurance Index (-2.57% MoM). The Oil and Gas index was the only positive performer, gaining 5.55% MoM. On the corporate front, the Nigerian Exchange delisted Niger Insurance PLC, Resort Savings, and RAK Unity Petroleum for non-compliance.

### Fixed Income Market

System liquidity decreased from NGN236.98 in June to NGN574.40bn in July as a result of low inflows from the beginning to the middle of the month. Outflows associated with Treasury bill and bond auctions, OMO bill auctions, and CRR debits put further strain on liquidity. As a result, the open buyback rate on the interbank market increased to 25.39%, and the overnight lending rate to 25.83%, from 24.17% and 25.00%, respectively. In the secondary market, the average yield rose to 19.76% for bonds and 25.18% for Treasury bills from June's 18.75% and 22.07%, respectively. The month-long auctions, the high rate of inflation, and the general lack of liquidity are all reflected in this yield hike. The stop rates for FGNB 2029, FGNB 2031, and FGNB 2033 increased to 19.89% (up 25 basis points), 21.00% (up 81 basis points), and 21.98% (up 48 basis points) at the bond auction. The average stop rates for Treasury bills at the auctions also went up: 103 basis points for 91-day bills went up to 17.40%, 101 basis points for 182-day bills went up to 18.47%, and 105 basis points for 364-day bills went up to 21.67%.

### Market Outlook

Fixed-income yields in the secondary market are expected to remain stable in August due to weak financial system liquidity, higher inflation, and DMO's budgetary requirements, along with a steady supply of debt instruments. The local equity market is expected to experience volatility due to the release of second-quarter earnings reports and bank recapitalization efforts, as well as the negative impact of the windfall tax and inflationary pressures.

## Market Indicators

- ◆ Foreign Reserve: USD **\$36,797,462,436.28**
- ◆ Exchange Rate (USD/NGN): BUY N1,610.71/ SELL N1,611.71
- ◆ Oil Price: USD **\$84.29**
- ◆ Inflation Rate: 34.19% \*as at June 30, 2024
- ◆ Monetary Policy Rate: 26.25% \*as at June 30, 2024

Reference: Central Bank of Nigeria and Trading View

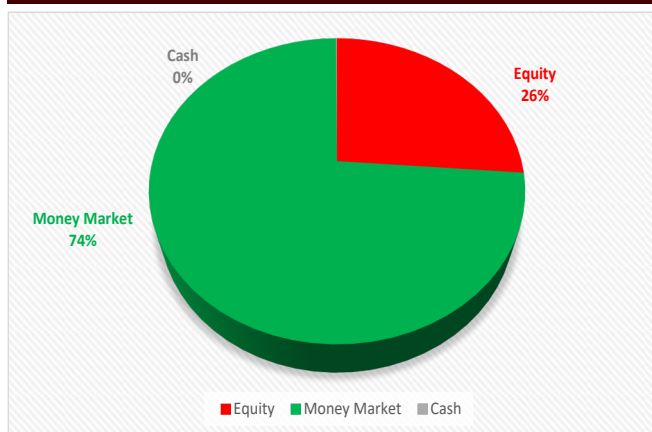
## Dividend

### NESF Dividend History

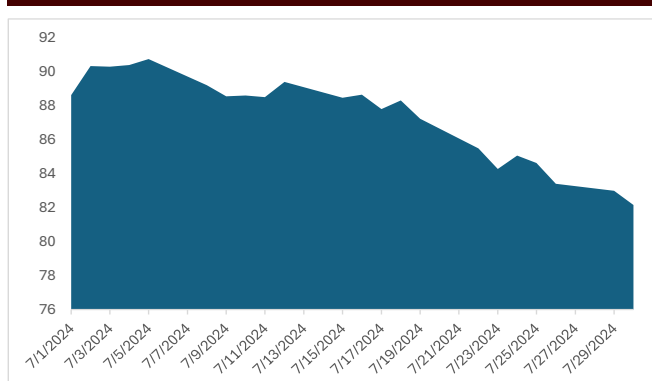


Fund Manager	SCM Capital Asset Management Limited
Custodian	UBA Global Investors Service Ltd
Trustees	United Capital Trustees Limited
Fund Launch Date	26-October-98
Fund size	₦ 1,738,414,482.40
Fund Yield	11.20
Fund Type	Close –end
Offer Price	₦ 552.20
Base Currency	₦ Nigerian Naira
Income Accrual	Daily
Income Distribution	Yearly
Annual Management Fee	1.50%

## Asset Allocation (%)



## Crude Oil Price (USD)



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Contact Us: **OMOLOLU AJEDIRAN** | 08023935944 omololu.ajediran@scmcapitalng.com **EMMANUEL NOMBA** | 08084489421 emmanuel.nomba@scmcapitalng.com **CAROLINE UZOMA** | 07051080180 caroline.uzoma@scmcapitalng.com **Website:** www.scmcapitalng.com, **Phone:** +234-01-280 2227-9