

Fact Sheet

Lotus Halal Fixed Income Fund

December 31, 2020



Fund Overview

The Lotus Halal Fixed Income Fund (Lotus FIF) is an open-ended mutual fund that invests in fixed income instruments such as Sukuk (non-interest bonds) and fixed return contracts such as Ijarah (lease) and Murabaha (cost-plus) contracts. The Fund does not invest in equities or interest-bearing securities like treasury bills or conventional term deposits.

The Fund's activities are supervised by an investment committee which meets regularly to take investment decisions, oversee performance and ensure Shari'ah compliance and proper risk management.

Fund Facts	
Launch Date	May 2016
Listing	Nigerian Stock Exchange
Currency	Naira (NGN)
Fund Size	N12.089bn
Units Outstanding	10.459 million units
Net Asset Value (NAV) Per Unit	N1,155.91
Minimum Investment	5 Units
Minimum Holding Period	30 days
Income Accrual	Daily
Risk Profile	Low
Annual Management Fee	1% of Net Asset Value
Distribution Frequency	Quarterly
No. of Distributions Since Inception	15
Last Distribution	October 2020: ₦22.50/unit
Next Distribution	January 2021: ₦33.00/unit

Asset Class	Allocation Range
Cash	0%-5%
Sovereign & Sub-Sovereign Sukuk	0%-90%
Corporate Sukuk	0%-60%
Fixed Term Investments	0%-100%
Fixed Income Contracts	0%-70%

* Fixed Income Contracts include Ijara (lease) and Murabaha (cost-plus) contracts.

* Fixed Term Investments are Shari'ah compliant short-term investments with Non-Interest Banks.

Investor Profile

The Fund is specifically designed for ethical investors with a low risk appetite. The Fund is suitable for **individuals and institutional investors** such as **pension funds** and **insurance/takaful operators** seeking non-interest-based returns.

Benefits to the Investor

Competitive Returns	Aims to provide attractive returns comparable to conventional fixed income investments.
Low Risk	Minimizes risk of loss through diversification and focus on low-risk assets.
Regular Income	Aims to pay out 80% of profit to investors on a quarterly basis.
Liquidity	Investors can enter and exit the Fund every business day.
Inclusive	The Fund is certified annually for Shari'ah compliance and is targeted at investors with faith-based or ethical preferences.

Market Review (Fourth Quarter 2020)

Following the lockdown earlier in the year and the adverse effect on the Nigerian economy, GDP contracted by -3.6% in Q3'2020 to take the country into its second recession in five years. The official exchange rate held steady at N381/\$ in Q4'2020 following two devaluations earlier in the year, while at the I & E window, the naira slid to c.N410.25/\$ (Dec'2019: N360/\$).

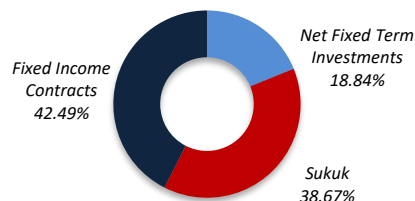
The Federal Government (FG) promptly expanded its expenditure plan in response to the health and economic challenges posed by the coronavirus pandemic. It therefore proposed a N13.6trillion budget for 2021 with provisions for a robust COVID-19 intervention programme. On its part, monetary authorities held the line and maintained the benchmark rate at 11.5%. The Central Bank of Nigeria (CBN) also continued to provide support to key sectors through intervention funding. To enhance FX liquidity, the CBN relaxed rules on diaspora remittances by permitting the pay-out of FX by International Money Transfer Operators to their clients.

These initiatives among others, are expected to spur economic recovery over the near term.

Fund Performance

Against this backdrop, the Lotus FIF returned 3.12% during the fourth quarter with a year-end return of 11.04%. The Fund's gains came from profit on asset backed investments, fixed-term investments and Sukuk rental income. Consequently, the Lotus FIF declared a dividend of N33/unit based on its performance in the fourth quarter, bringing the total dividend payout in 2020 to N99.50 – an annual dividend yield of 8.60%.

Current Asset Allocation



	2020	2019	Inception to Date
Fund Return	11.04%	13.14%	61.91%
Benchmark	5.01%	13.07%	-

Fund Outlook

Amidst the fragile macroeconomic recovery, the Fund will continue its diligent approach to Fixed Income Contracts while maintaining its Sukuk exposure. In addition, the Fund will broaden its investment coverage and seek further diversification and return enhancement.

Note:

- Redemption period is 3-5 business days. Any redemption within the minimum holding period will incur charges not exceeding 10% of the income earned.
- Investing in Shari'ah compliant products involves risk as the value of investments may rise and fall depending on the performance of the underlying assets. Past performance does not guarantee future performance.