

Fact Sheet

Lotus Halal Fixed Income Fund

March 31, 2021



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	N15.126bn
Units Outstanding	13.212 million units
Net Asset Value (NAV) Per Unit	N1,144.93
Minimum Investment	5 Units
Minimum Holding Period	30 days
Income Accrual	Daily
Risk Profile	Low
Annual Management Fee	1.5% of Net Asset Value
Distribution Frequency	Quarterly
No. of Distributions Since Inception	15
Last Distribution	January 2021: ₦33.00/unit
Next Distribution	April 2021: ₦20.00/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 (First Quarter 2021)

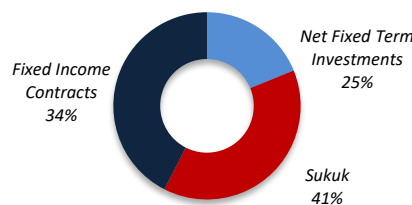
In Q1'2021, though fragile, the Nigerian economy traced its path back to recovery. Data released by the Nigerian Bureau of Statistics (NBS) showed modest GDP growth of 0.11% in Q4'2020 after two consecutive quarters of contraction. The CBN continued to grapple with FX supply as demand rose upon resumption of businesses and travels. The official exchange rate held steady at N381/\$, while at the I & E window, the naira strengthened to c.N408.67/\$ (Dec'2020: N410.25/\$). However, the FX scarcity was most apparent in the parallel market where the currency depreciated to N486/\$ (Dec'2020: N468/\$).

Exchange rate pressures, alongside higher electricity tariffs and fuel prices pushed inflation to 18.17% in March. Although the monetary authorities held the line and maintained the benchmark rate at 11.5%, fixed income yields trended upwards to partially cushion the impact of inflation. Consequently, the yield on the FGN Sukuk 2024 rose to 8.26% at the end of quarter (yearend 2020: 4.90%).

Fund Performance

In the first quarter, the Lotus FIF returned 1.90%, which took the fund's Net Asset Value to N1,144.93/unit. This corresponds to a return of 7.9% if annualized. The Fund's gains came from profit on asset backed investments, fixed-term investments and Sukuk rental income. Consequently, the fund declared a distribution of N20/unit based on its performance in the first quarter, which is a dividend yield for 1.72% in the reference period.

Current Asset Allocation



	2021	2020	Inception to Date
Fund Return	1.90%	11.04%	63.81%
Benchmark	1.21%	5.01%	-

Fund Outlook

The Fund intends to raise its exposure to longer-dated Sukuk to take advantage of the higher yield environment. In addition, the Fund will broaden its investment in fixed income contracts as the gradual recovery of the economy continues to de-risk certain businesses.

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.