

Fact Sheet

Lotus Halal Fixed Income Fund

June 30, 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 Shariah compliance and proper risk management.

Fund Facts	
Launch Date	May 2016
Listing	Nigerian Exchange (NGX)
Currency	Naira (NGN)
Fund Size	₦15.810bn
Units Outstanding	13.761 million units
Net Asset Value (NAV) Per Unit	₦1,150.99
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	16
Last Distribution	April 2021: ₦20.00/unit
Next Distribution	July 2021: ₦20.85/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 Shariah compliance and is targeted at investors with faith-based or ethical preferences.

Market Review (Second Quarter 2021)

In the reference quarter, the Nigerian economy continued to recover gradually following an output expansion of 0.51% recorded in Q1'2021 according to the National Bureau of Statistics (NBS).

The Central Bank of Nigeria (CBN) resumed FX sales to various trade points. It also attempted to unify multiple FX rates and adopted the Nigerian Autonomous Foreign Exchange Rate (NAFEX) for official transactions. The official exchange rate consequently moved up to ₦410.16/\$, while at parallel market it slid to ₦503/\$ (Dec'2020: ₦486/\$).

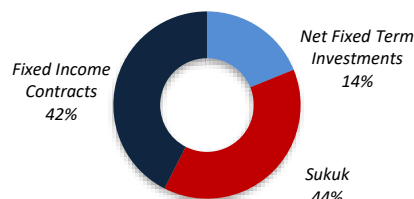
Notwithstanding the exchange rate pressure on consumer prices, a high base effect from 2020 led to two consecutive months of decline in inflation to 17.93% in May. In line with its position that inflation is supply-driven, the CBN maintained the benchmark rate at 11.5% during the period. However, additional borrowing by the Federal Government to finance its deficit caused an uptrend in fixed income yields. Consequently, the average yields of sovereign sukuk climbed to 11.92% by the end of June, compared to 8.02% in the first quarter.

Fund Performance

In the second quarter, the Lotus FIF returned 2.27%, which took the fund's return half year return to 4.17%. This corresponds to a return of 8.4% on an annualized basis.

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 ₦20.85/unit based on its performance in Q2'2021, which is a dividend yield for 1.81% in the reference period.

Current Asset Allocation



	Q2'2021	HY'2021	2020	Inception to Date
Fund Return	2.27%	4.17%	11.04%	66.08%
Benchmark	2.21%	3.42%	5.01%	-

Fund Outlook

In the coming quarter, the Fund intends to increase investments in higher-yielding fixed income contracts to take advantage of the changes in the market environment. The Fund also intends to increase investments in tradeable Sukuk instruments.

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.