

# Fact Sheet

## Lotus Halal Fixed Income Fund

December 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 Shariah compliance and proper risk management.

| Fund Facts                           |                           |
|--------------------------------------|---------------------------|
| Launch Date                          | May 2016                  |
| Listing                              | Nigerian Exchange (NGX)   |
| Currency                             | Naira (NGN)               |
| Fund Size                            | ₦13.357bn                 |
| Units Outstanding                    | 11.656 million units      |
| Net Asset Value (NAV) Per Unit       | ₦1,161.47                 |
| 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 | 18                        |
| Last Distribution                    | October 2021: ₦22.00/unit |
| Next Distribution                    | January 2021: ₦25.00/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 Ijarah (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** seeking non-interest based returns.

#### Benefits to the Investor

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

### Market Review (Fourth Quarter 2021)

In the period under review, the Nigerian economy continued on an upward trajectory and data from the Nigerian Bureau of Statistics showed a 4.03% expansion in the third quarter. Growth was particularly spurred by improvement in business confidence alongside the pace of vaccination globally. The Central Bank of Nigeria (CBN) was also supportive of growth through concessionary funding of priority sectors and an accommodative monetary policy stance which saw it hold the benchmark rate at 11.5%.

Following the recovery of oil prices, an issuance of \$4bn Eurobonds and receipt of IMF special drawing rights, the country's external reserves jumped to \$40.53bn by yearend. Despite this, the naira at the parallel market stood at ₦570/\$ while also finishing weaker at the investors and exporters window at ₦435.00/\$ (September: ₦413.88/\$).

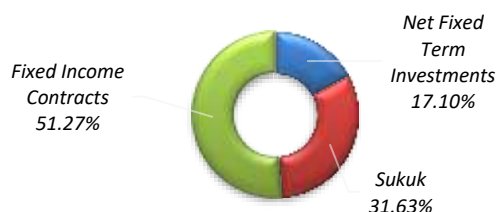
Although consumer price pressure persisted in the period, the high base from 2020 helped to moderate inflation to 15.40% by November 2021.

At the fixed income market, yields in the fourth quarter moderated slightly from the third quarter but remain markedly higher than the corresponding period last year. The availability of Shari'ah compliant non-interest instruments has also improved with the Federal Government issuing its fourth and largest Sukuk of ₦250billion in December 2021.

### Fund Performance

The Lotus Halal Fixed Income Fund gained 8.78% in 2021 following a gain of 2.30% in the last quarter that took its Net Asset Value to ₦1,161.47/unit. This positive performance was driven by the returns on fixed-term investments and rental income from Sukuk. Consequently, the Fund declared a final dividend of ₦25.00/unit.

#### Current Asset Allocation



|             | Q4'2021 | FY'2021 | 2020   | Inception to Date |
|-------------|---------|---------|--------|-------------------|
| Fund Return | 2.30%   | 8.78%   | 11.04% | 70.69%            |
| Benchmark   | 2.06%   | 7.69%   | 5.01%  | -                 |

### Fund Outlook

In the coming quarter, the Fund will maintain its focus on Shari'ah compliant fixed income investments that offer competitive returns especially given our expectation of higher market yields.

#### 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.