

Fact Sheet

Lotus Halal Fixed Income Fund

March 31, 2022



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	₦14.305bn
Units Outstanding	12.249 million units
Net Asset Value (NAV) Per Unit	₦1,167.73
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	21
Last Distribution	January 2022: ₦25.00/unit
Next Distribution	April 2022: ₦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 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** 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 2022)

In the period under review, the Nigerian economy continued on an upward trajectory and data from the Nigerian Bureau of Statistics showed a 3.98% expansion in the fourth quarter. Growth was particularly spurred by improvements in business confidence and broader growth in sectors like Information and Communication Technology, Manufacturing, Trade and Agriculture. The Central Bank of Nigeria (CBN) also continue to lend support to growth through concessionary funding of priority sectors and an accommodative monetary policy stance which saw it hold the benchmark rate at 11.5% during the period despite rate hikes in foreign markets.

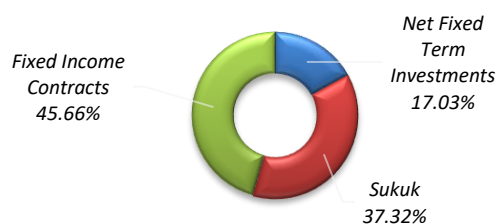
To finance its deficit budget, the Federal Government issued \$1.25bn Eurobonds but the impact was not apparent in the level of external reserves which closed March at \$39.55bn. Despite this, the naira finished stronger at the investors and exporters window at ₦416.00/\$ (December: ₦435.00/\$) and hovered around ₦570/\$ at the parallel market. Consumer price pressures lingered during the period and inflation stood at 15.92% in March, majorly on the back of higher energy costs.

At the fixed income market, yields across different instruments saw a broad-based decline in the first quarter, following an increase in liquidity. Two subnational took advantage of the available liquidity to issue Sukuk for infrastructure projects.

Fund Performance

The Lotus Halal Fixed Income Fund made a 2.69% gain in the first quarter, with its Net Asset Value closing at ₦1,167.73/unit. This corresponds to an annualized return on 10.9%. The fund's outing was supported by profits from fixed-term investments and rental income on Sukuk. In line with the fund's distribution strategy, ₦25.00/unit dividend was declared for the reference quarter.

Current Asset Allocation



	Q1'2022	Q4'2021	2021	Inception to Date
Fund Return	2.69%	2.30%	8.78%	73.38%
Benchmark	1.77%	2.06%	7.69%	-

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. The Fund will also increase its exposure to Sukuk for further diversification.

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.