

# Fact Sheet

## Lotus Halal Fixed Income Fund

June 30, 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	₦15.342bn
Units Outstanding	13.047 million units
Net Asset Value (NAV) Per Unit	₦1,175.85
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	22
Last Distribution	April 2022: ₦25.00/unit
Next Distribution	July 2022: ₦25.50/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

<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 (Second Quarter 2022)

In the second quarter, the Nigerian economy grew by 3.11% according to the National Bureau of Statistics (NBS). This was driven by sectors like Information and Communication Technology, Manufacturing, Trade and Agriculture.

During the period, oil prices rose by 5% to \$111.63/barrel. Despite this, oil output was low which constrained the accretions to the external reserves. The high international crude oil prices eventually filtered to local energy prices, and coupled with other domestic issues led to high inflation of 18.6% in June.

The Central Bank of Nigeria (CBN) adopted a contractionary monetary policy stance to tackle inflation and raised the benchmark rate by 150bps to 13%, in tune with similar policy actions in foreign markets.

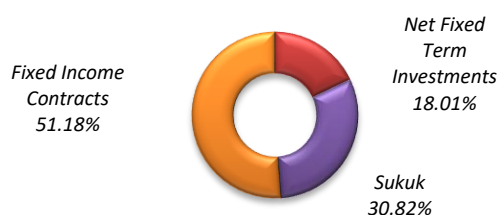
The CBN also continued to manage the supply of foreign currency. However, the naira depreciated at the Investors and Exporters window to ₦425/\$ (March: ₦416.00/\$) and hovered around ₦615/\$ at the parallel market.

There was an uptick in yields at the fixed income market following the policy rate hike by the apex bank. This was reflective in the yield of the 5-year FGN Sukuk which moved up by 38bps to 10.7%.

### Fund Performance

In the second quarter, the Lotus Halal Fixed Income Fund gained 2.18% while the fund's Net Asset Value closed at ₦1,175.85/unit. The fund's year to date return comes to 4.87%, which is an annualized return of 9.74%. The Fund's performance was supported by profits from fixed-term investments and rental income on Sukuk. Consequently, the fund has declared a ₦25.50/unit distribution to unitholders for the quarter.

### Current Asset Allocation



	Q1'2022	Q2'2022	2022 YTD	2021	Inception to Date
Fund Return	2.18%	2.69%	4.87%	8.78%	75.56%
Benchmark	1.91%	1.77%	3.68%	7.69%	-

### Fund Outlook

In the coming quarter, the Lotus Halal Fixed Income Fund intends to increase investments in Sukuk to take advantage of the higher yields. In addition, the fund will maintain its focus on fixed income transactions with counterparties with good credit quality while reducing the maturity profile of its investments. We are optimistic that this strategy would be positive for the fund.

**Note:** Investing in Shariah-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.