

Fact Sheet

Lotus Halal Fixed Income Fund

December 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
Currency	Naira (NGN)
Fund Size	₦15.457bn
Units Outstanding	13.162 million units
Net Asset Value (NAV) Per Unit	₦1,174.38
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	24
Last Distribution	October 2022: ₦22.00/unit
Next Distribution	January 2023: ₦23.00/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 ethically-inclined 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 targeted at investors with faith-based or ethical preferences, but open to the general investing public. It is reviewed annually for Shariah compliance .

Market Review (Fourth Quarter 2022)

According to the National Bureau of Statistics, the Nigerian economy grew by 2.25% in the third quarter of 2022 (Q2'2022: 3.54%). In our view, this tepid growth is largely attributable low oil production, foreign currency shortages and flooding which affected agriculture output.

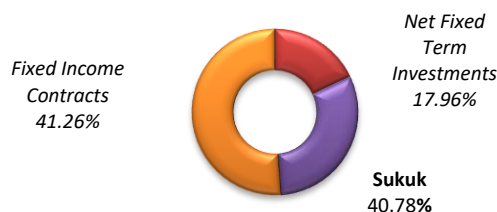
During the review period, the country's external reserves contracted to \$37.08bn (September: \$38.28bn), on account of depressed oil receipts alongside the apex bank's sale of FX to support the local currency. Despite the Central Bank of Nigeria's (CBN) attempts, the naira weakened at the investors and exporters window to ₦449.05/\$ from ₦432.50/\$ at the end of the prior quarter. The trend was similar at the parallel market and the naira traded for ₦736/\$ compared to ₦722/\$ in the third quarter.

In its final meeting for the year, the CBN increased the Monetary Policy Rate by 100bps to 16.5% in an effort to curtail inflation which reached 21.47% by November. In addition, the CBN opted to redesign denominations of naira notes to improve currency management. Following the monetary tightening, fixed income yields inched up in the period.

Fund Performance

The Lotus Halal Fixed Income Fund gained 8.80% in 2022, with the Net Asset Value closing the year at ₦1,174.38/unit. The positive performance was occasioned by profits from fixed-term investments and rental income on Sukuk. In line with the fund's dividend policy, a distribution of ₦23.00/unit was declared for the period.

Current Asset Allocation



	2022	2021	Inception to Date
Fund Return	8.80%	8.78%	80.35%
Benchmark	9.38%	7.69%	-

Fund Outlook

In the coming quarter, our strategy is to focus on shorter-term fixed income instruments which offer an opportunity to monitor the business environment for yield improvements. We are optimistic that this strategy would yield positive returns 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.