

Fact Sheet

Lotus Halal Fixed Income Fund

December 31, 2023



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	₦18.208bn
Units Outstanding	14.944 million units
Net Asset Value (NAV) Per Unit	₦1,218.42
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	28
Last Distribution	October 2023: ₦28.00/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 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 2023)

The Nigerian economy continued to face external and domestic headwinds. In particular, the Country's external reserves in the final quarter was significantly lower due to the lower oil price and the CBN's decision to settle a backlog of FX forward contracts. The lower level of reserves was in spite the increase in oil output to 1.45mbpd in Q3'2023 from 1.22mbpd in Q2'2023.

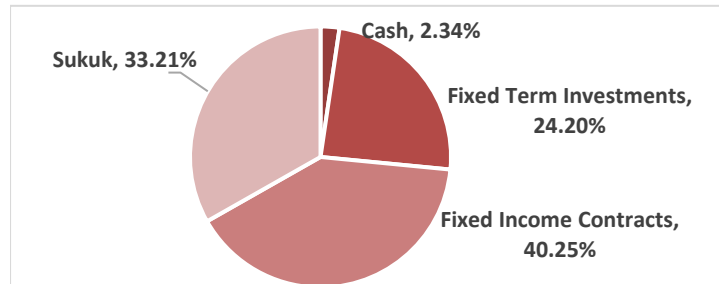
Ultimately, the Naira weakened by -14.52% against the dollar at the official window to trade at ₦899.89/\$ in December 2023 (September'2023: ₦769.26/\$). At the parallel market, the Naira plunged to trade at ₦1,210.00/\$. Despite efforts by the CBN to narrow the differential between the FX rates, the gap between the official and parallel market widened to 34.46% (September'2023: 31.04%).

In unusual fashion, there was no meeting of the Monetary Policy Committee of the Central Bank in Q4'2023, as the apex bank came under the new leadership of Dr. Olayemi Cardoso. While the new regime announced its intention to pursue price stability, inflation pushed further upward to 28.92% in December 2023 (September 2023: 26.72%). Consequently, the yield on the 3-year benchmark FGN bond rose by 24bps to end the quarter at 13.30% (September'2023: 13.06%).

Fund Performance

The Lotus Halal Fixed Income Fund gained 3.26% in Q4'2023 to end the quarter with a Net Asset Value of ₦1,218.42/unit. The positive performance was occasioned by profits from fixed-term investments and rental income on Sukuk. This resulted in a year-to-date return of 11.22%.

Current Asset Allocation



	2023	2022	Inception to Date
Fund Return	11.22%	8.80%	90.78%
Benchmark	9.91%	9.38%	-

Fund Outlook

In the coming quarter, our plan to reduce exposure to fixed-term investments and reallocate weightings to higher-yield fixed income contracts to take advantage of the growing financing needs of corporates and agencies. We are optimistic that this strategy would drive the positive performance of 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.

Fact Sheet

Lotus Halal Fixed Income Fund

December 31, 2023

