

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.

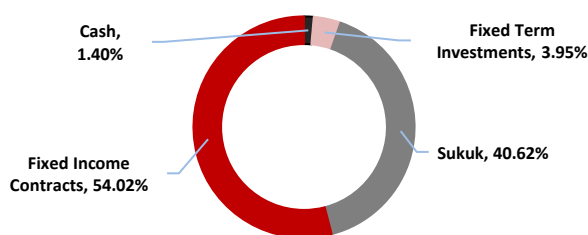
The Fund's activities are supervised by an investment committee which meets regularly to take investment decisions, oversee performance and ensure Shariah-compliance and proper risk management.

Fund Facts	
Launch Date	May 2016
Currency	Naira (NGN)
Fund Size	₦19.878bn
Net Asset Value (NAV) Per Unit	₦1,229.48
Custodian	Citi Bank Nigeria Limited
Trustees	STL Trustees Limited
Minimum Investment	5 untis
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	29
Last Distribution	January 2024: ₦31.50/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.

Current Asset Allocation



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 (First Quarter 2024)

GLOBAL ECONOMY

In the United States, inflation remained above the Federal Reserve Banks' target, rising to 3.50% in March 2024 from 3.40% in December 2023. Despite this increase, the Federal Reserve opted to maintain its benchmark interest rate at 5.50% in an effort to stimulate economic growth.

In the Euro Area, authorities grappled with sluggish economic growth. The European Central Bank held its benchmark lending rate steady at a record level of 4.50%, resulting in a moderation of inflation to 2.40% in March 2024 (December 2023: 2.90%).

LOCAL ECONOMY

In Nigeria, inflation recorded its fourteenth consecutive monthly increase, soaring to 31.70% in February 2024. In response, the Cardoso-led monetary policy committee made a decisive move to hike the benchmark interest rate by 600bps to 24.75% in the first quarter. However, the rate hike did not have an immediate impact on inflation.

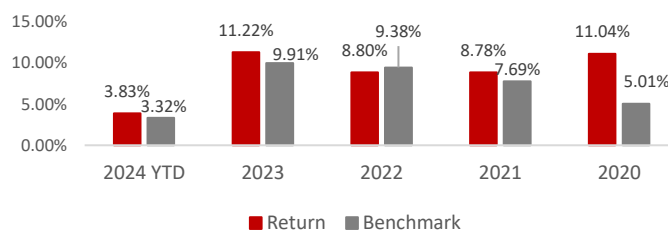
In the period, the external reserves inched up slightly by 2.78% to stand at \$33.83bn following the settlement of outstanding foreign exchange obligations by CBN. The Naira was particularly turbulent in the period and weakened by -45.88% at the official window to trade at ₦1,662.85/\$ in February, before recovering partially to end the quarter at ₦1,330.76/\$ (December 2023: ₦899.89/\$).

FIXED INCOME MARKET

Yields across local fixed income instruments surged during the period. This was in response to the various contractionary monetary policies including the issuance of ₦8.38tn in money market securities by the Central Bank to absorb excess liquidity (Q4'2023: ₦3.77tn). As a result, the yield on the 3-year benchmark FGN bond increased to 19.09% by the end of the quarter, from 13.30% in December 2023.

Fund Performance

The Lotus Halal Fixed Income Fund gained 3.83% in Q1'2024 to end the quarter with a Net Asset Value of ₦1,229.48/unit. The positive performance was occasioned by profit from fixed-income contracts and rental income on Sukuk.



	Q1'2024	FY'2023	Inception to Date
Fund Return	3.83%	11.22%	95.04%
Benchmark	3.32%	9.91%	-

Fund Outlook

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