

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.

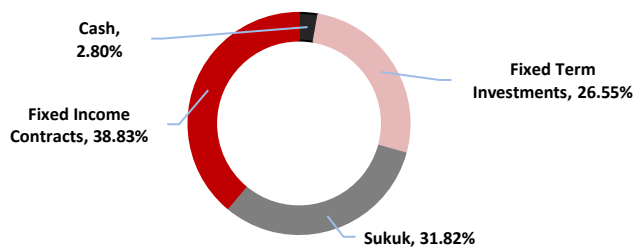
Fund Facts	
Launch Date	May 2016
Currency	Naira (NGN)
Fund Size	₦22.19bn
Net Asset Value (NAV) Per Unit	₦1,236.07
Custodian	Citi Bank Nigeria Limited
Trustees	STL Trustees Limited
Minimum Investment	5 units
Minimum Holding Period	30 days
Income Accrual	Daily
Risk Profile	Low
Annual Management Fee	1.5% of Net Asset Value
Distribution Frequency	Quarterly
No. of Distributions Since Inception	30
Last Distribution	April 2024: ₦35.00/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 Financial Institutions.

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

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.
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 (Second Quarter 2024)

GLOBAL ECONOMY

In the period under review, monetary authorities in advanced economies become more accommodative as their fear of inflation reduced. Notably in Europe, the European Central Bank lowered its benchmark interest rate for the first time in five years to 3.75%, which is positive for economic growth. Although its counterpart in the United States, the Federal Reserve Bank maintained their benchmark interest rate at 5.50% in the period, it is likely to consider a similar rate cut in the near term following a 10bps drop in US inflation to 3.3% in May'2024 and the urgent need to drive US economic growth above the 1.30% recorded in Q1'2024. This shift in monetary policies abroad should stimulate capital flows to emerging markets, like Nigeria.

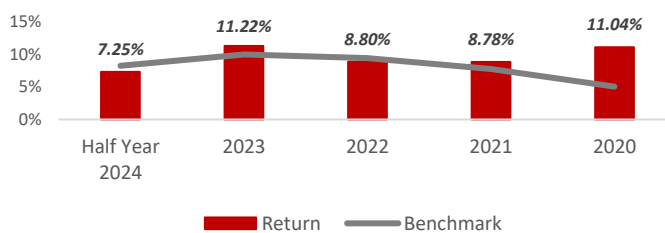
LOCAL ECONOMY

In the local economy the Naira remained under pressure and weakened by 14.96% against the dollar at the official window, to trade at ₦1,505.30/\$ in June 2024 (March'2024: ₦1,309.39/\$). Consequently, the spread between the official rate and parallel market rate (₦1,525.00/\$) widened to ₦19.70 in June 2024 from ₦0.61 in March 2024. On its part, the Central Bank of Nigeria continued its attempt to foster exchange rate stability and raised the benchmark interest rate by 150bps within the quarter to 26.25%.

Notwithstanding the exchange rate pressures and other macroeconomic shocks, the Nigerian economy has proven resilient. Economic output grew by 2.98% in the first quarter of the year, which is higher than 2.31% in the comparable period last year. Households and businesses however continue to contend with higher costs, as inflation hit 33.95% in May 2024.

Fund Performance

The Lotus Halal Fixed Income Fund gained 3.37% in Q2'2024 to end the quarter with a Net Asset Value of ₦1,236,08/unit. The positive performance was driven by profits from fixed-term investments and rental income on Sukuk resulting in a year-to-date return of 7.25%.



	HY'2024	Q2'2024	Inception to Date
Fund Return	7.25%	3.37%	99.20%
Benchmark	8.20%	4.84%	-

Fund Outlook

In the coming quarter, we plan to increase the portfolio's exposure to fixed income contracts with higher yields which we aim to achieve by capitalizing on the growing financing needs of corporates and agencies. We are optimistic that this strategy would increase the performance of the Fund in the coming quarter.

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.