

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.

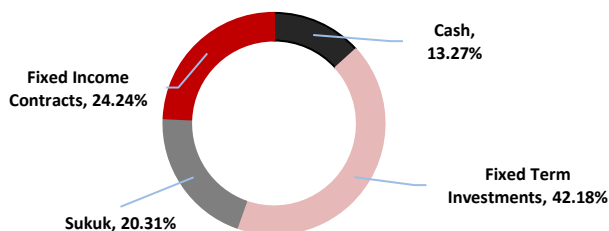
Fund Facts	
Launch Date	May 2016
Currency	Naira (NGN)
Fund Size	₦24.26bn
Net Asset Value (NAV) Per Unit	₦1,244.72
Custodian	Citi Bank Nigeria Limited
Trustees	STL Trustees Limited
Minimum Investment	5 units
Minimum Holding Period	30 days
Income Accrual	Daily
Risk Profile	Low
Annual Management Fee	1.5% of Net Asset Value
Distribution Frequency	Quarterly
No. of Distributions Since Inception	31
Last Distribution	August 2024: ₦33.00/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 (Third Quarter 2024)

GLOBAL ECONOMY

In the third quarter of 2024, the US Federal Reserve reduced its benchmark interest rate by 50 basis points to 5.00%, shifting its priority from inflation control to fostering economic growth. Monetary authorities in the Eurozone, United Kingdom and China also reduced their benchmark policy rates to 3.5%, 2.2% and 3.35% respectively while echoing similar desires to spur economic growth. The general shift in the monetary policy direction abroad should support capital flows to emerging markets going forward given the relatively higher market yields.

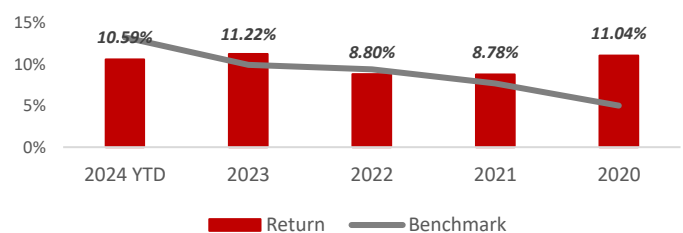
LOCAL ECONOMY

The Nigerian economy expanded by 3.19% in Q2 2024, up from 2.98% in Q1 2024, reflecting the early benefits of recent economic reforms. Inflation also showed signs of abating and declined to 32.15% in August 2024 after peaking at 34.19% in June 2024.

At the end of September 2024, the external reserves stood at \$38.35 billion, a 12.17% increase relative to Q2 2024. However, FX shortages continued to linger and the Naira weakened by -2.38% to ₦1,541.94/\$ at the Nigerian Autonomous Foreign Exchange Market (NAFEM) in September (June 2024: ₦1,505.30/\$). In the parallel market, the Naira traded at circa ₦1,689.00/\$. Consequently, the government proposed additional measures to address the foreign currency pressure, most recent being its decision to sell crude oil and purchase refined petrol from local refineries in Naira.

Fund Performance

The Lotus Halal Fixed Income Fund gained 3.37% in Q3'2024 to end the quarter with a Net Asset Value of ₦1,244.72/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 10.59% and an annualized gain of 14.27%.



	Q3'2024	9M'2024	Inception to Date
Fund Return	3.37%	10.59%	103.36%
Benchmark	5.04%	13.24%	-

Fund Outlook

In the coming quarter, the Fund intends to increase exposure to higher yielding fixed income contracts given the growing financing needs of corporates and agencies. The Fund also intends to increase its Sukuk holding. 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.