

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.

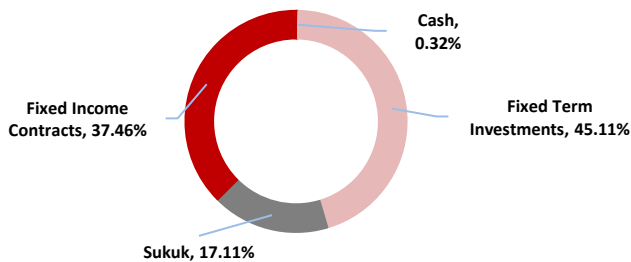
Fund Facts	
Launch Date	May 2016
Currency	Naira (NGN)
Fund Size	₦25.28bn
Net Asset Value (NAV) Per Unit	₦1,296.23
Custodian	Citi Bank Nigeria Limited
Trustees	STL Trustees Limited
Minimum Investment	5 units
Minimum Holding Period	30 days
Income Accrual	Daily
Risk Profile	Low
Annual Management Fee	1.5% of Net Asset Value
Distribution Frequency	Quarterly
No. of Distributions Since Inception	32
Last Distribution	September 2024: ₦33.20/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 (Fourth Quarter 2024)

GLOBAL ECONOMY

In Q4 2024, the monetary policy environment in key foreign economies loosened following the moderation in global inflation and renewed concerns on economic growth. Notably, the U.S. Federal Reserve reduced its benchmark rate by 25 basis points to 4.50%, shifting its focus to stimulating economic output. Similarly, central banks in the Eurozone, United Kingdom, and China lowered their benchmark rates to 3.00%, 4.75%, and 3.10%, respectively, to support their slowing economies. Ideally, the monetary policy shift abroad should increase foreign investors' attraction to emerging countries like Nigeria where local rates are relatively higher.

LOCAL ECONOMY

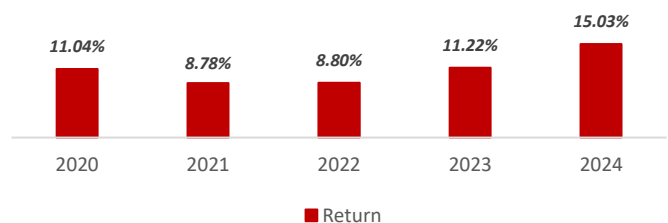
The Nigerian economy grew by 3.46% in Q3 2024, up from 3.19% recorded in Q2 2024. This partly reflected the benefits of recent economic reforms. However, inflation was stubborn and rose from 32.70% in September 2024 to 34.60% in November 2024. The increase was largely driven by higher fuel and energy prices and the pass-through effect to other items. In particular, food inflation surged to 39.93% in November due to higher prices of staples such as rice, maize, bread, potatoes and cooking oil.

At the end of Q4 2024, the external reserves stood at \$40.80 billion, a 6.57% increase compared to Q3 2024. Consecutively, the Naira was relatively stable and held its value at ₦1,544.83/\$ at the Nigerian Autonomous Foreign Exchange Market (NAFEM) in December (September 2024: ₦1,541.94/\$). In the parallel market, the Naira traded at circa ₦1,645.00/\$.

Overall, the improvement in the external reserves and recent stability in exchange rates have set the stage for a positive start to the new year.

Fund Performance

The Lotus Halal Fixed Income Fund gained 4.23% in Q4'2024 to end the quarter with a Net Asset Value of ₦1,264.76/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 15.03%.



	FY'2024	FY'2023	Inception to Date
Fund Return	15.03%	10.92%	108.69%
Benchmark	18.43%	10.11%	-

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 holdings to enhance its return profile. 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.