

# AIICO BALANCED FUND

JULY | 2023



## OVERVIEW

AIICO Balanced Fund is an open-ended mutual fund, investing in Fixed income instruments, Money market instruments and both Quoted and Unquoted equities.

## INVESTMENT OBJECTIVES

The investment objective of the Fund is to create medium to long term capital growth as well as yearly income streams from declared dividends for unit holders. The fund also provides investors with the opportunity diversify their investments into products that would hitherto have been more difficult to invest in.

## FUND PERFORMANCE

The AIICO balanced fund closed the month of Jun'23 with a YTD return of 16.0380%

The Nigerian Stock Exchange (NSE) experienced growth in July 2023, as seen by the noteworthy 5.53% increase in the NGX-ASI, the NSE's all-share index. However, as of the close of market on July 31, 2023, the NGX-ASI had dropped by 1.10% to a value of 64,337.52 points. The general market trend remained bullish despite the dip on the final trading day of the month. By the end of July 2023, the NGX-ASI had impressively gained 25.53% year-to-date.

The Treasury Bills market opened on a tranquil note, albeit with moderate buying interest observed on the mid to long-term papers. Ample demand from fund managers and pension fund houses drove the initial auction of the month, as stop rates on the mid to long tenor declined significantly. However, post-NTB auction, market players resisted rate levels, causing quiet sessions with weak demand seen on the long end at 6.00% levels. Most activity skewed to the short end at sub 2.00% levels

Following the MPR hike to 18.75% and shocking NTB auction results where stop rates rose significantly, the market reacted with bids and offers rising significantly to 10.00% - 11.00%. Total NTB primary market subscription for the month printed at c.₦1.09 trillion, while c.₦406.10 billion was offered and same was allotted.

At the closing NTB auction for July, the stop rate for the 91, 180 and 364-day papers rose by 313bps, 363bps and 592bps to 6.00%, 8.00% and 12.15%, respectively. Thus, representing an average increase of 423bps M-o-M.

Similar to how June 2023 opened, July started on a bullish note in the local bonds market marked by a widespread demand across the yield curve (especially 2022028, 2029, 2032, 2037, 2038, 2050 and 2053 papers), fueled by the market's anticipation of a further descent in yields

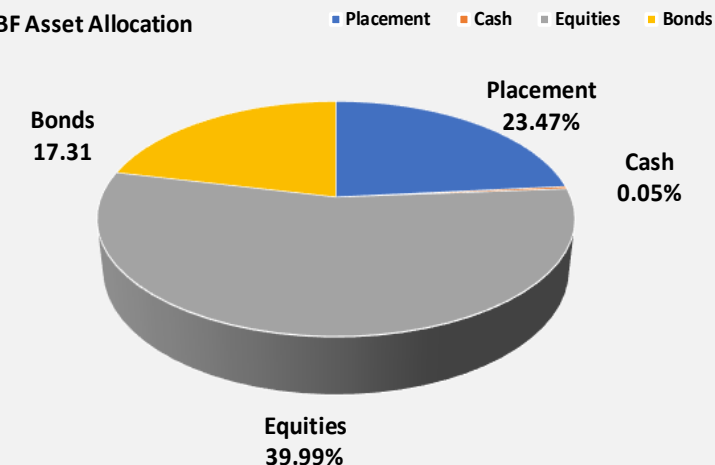
However, the post-auction period witnessed a reversal of this bullish trend, with a decline in enthusiasm following the massive sales at the auction and market participants' demands satisfactorily met. Subsequently, the market tilted to a bearish theme till the end of the month, exacerbated by the small sized MPR hike and more importantly, the upsurge in stop rates for the usual tenors at the last NTB auction.

FACT SHEET	
Fund launch date	14-May-18
Fund Size as of 30 JUNE 2023	194,629,855.98
Bid Price as of 31 JULY 2023	4.3592
Offer Price as of 31 JULY 2023	4.442
Minimum Investment	₦50,000.00
Minimum Holding Period	90 Days



**ASSET ALLOCATION:** In seeking to achieve all of the fund's objective, and inline with the SEC rules, the asset allocation of the fund is shown below:

ABF Asset Allocation



ASSET CLASSES	LOWER LIMIT	UPPER LIMIT	ACTUAL
Money Market & Fixed Income	40	60	50.13
Quoted Equities	40	60	50.63

ABF	30-Jun	31-Jul
Gross year-to-date return	14.01%	16.04%
Gross Quarter-to-date return	9.18%	9.18%
Composite Benchmark rate	9.63%	25.25%

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