

AIICO BALANCED FUND

AUGUST | 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 Aug'23 with a YTD return of 20.03%

The Nigerian Exchange Limited (NGX) concluded the month of August on a positive note, as bargain hunting outweighed profit taking. The All-Share Index (ASI) of the Nigerian Exchange Limited (NGX) appreciated by 3.44% to settle at 66,548.99 points, while year-to-date return settled at +29.85%. Also, the market capitalization increased by 4.03% m/m to ₦36.42 trillion at the end of August.

Despite the bank-wide CRR debit by the CBN to address the Loan-to-Deposit Ratio (LDR) shortfall, the month still began with robust trading across the long-dated papers, notably the one-year paper at the time (25-July-2024), which enticed investors with a substantial rate drop from 10% to 9%.

This bullish sentiment persisted during the preliminary NTB auction, where ₦153.98 billion was sold across three tenors, aligning with the offering size. Notably, stop rates for the 91, 182, and 364-day papers saw significant declines, reaching 5.00%, 5.90%, and 9.80%, respectively. However, a bearish tone emerged later in the week, following the CBN's first Open Market Operations (OMO) auction of the year, where ₦150 billion was sold across three maturities. Closing rates soared well above NTB auction levels, hitting 10.00%, 12.98%, and 14.49%.

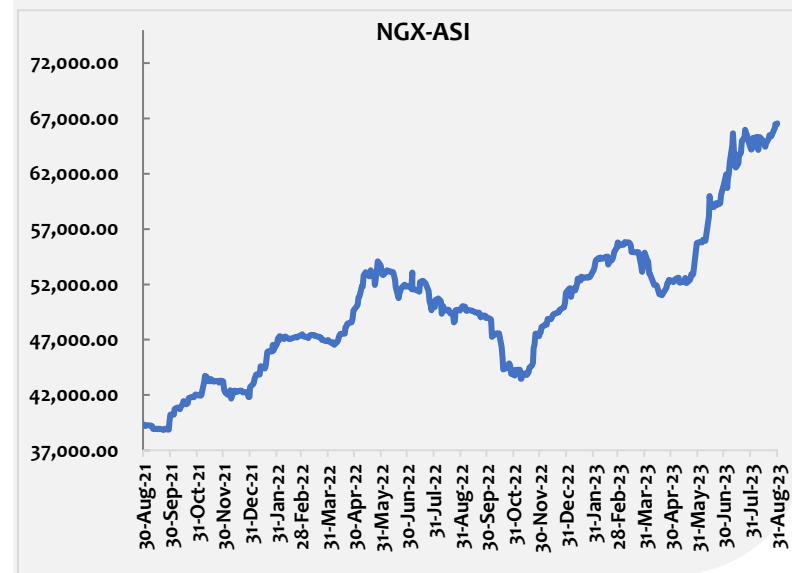
Leading up to the final NTB auction, tight liquidity prompted selloffs across the NTB curve, culminating in the auction where ₦303.22 billion was offered and sold across three tenors. Stop rates increased by 19bps, 210bps, and 417bps for the 91, 182, and 364-day papers, respectively. Impressively, the auction's bid/cover ratio of 5.09x demonstrated robust investors' enthusiasm.

Over the past month, the local bonds market displayed a dynamic mix of trends. It started calmly, shifted to a bullish theme, and eventually trended bearish. Key activities revolved around various bonds, notably 2026, 2027, 2049, 2050 and 2053 papers.

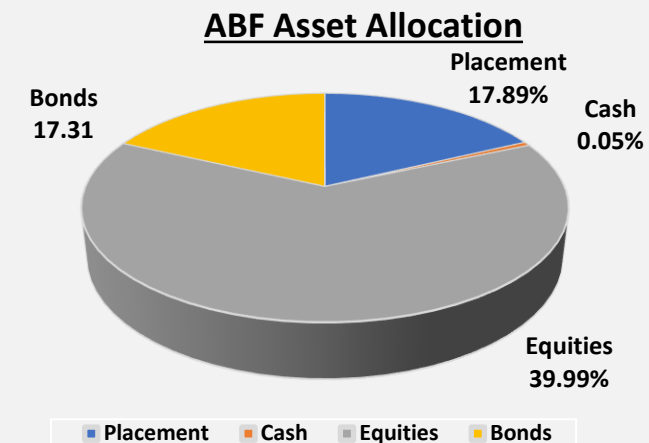
During the pivotal FGN bond auction for the month, stop rates surged significantly higher compared to the previous one, with the auctioned papers: 2029s, 2033s, 2038s, and 2053s, closing at 13.85%, 15.00%, 15.20%, and 15.85%, respectively. The DMO sold lower volumes than offered, and the subscription level was the lowest recorded so far this year. Subsequently, it was a bearish affair post-auction, dominated by sell-offs in short-dated papers.

FACT SHEET

Fund launch date	14-May-18
Fund Size as of 30 JUNE 2023	194,629,855.98
Bid Price as of 31 AUGUST 2023	4.509
Offer Price as of 31 AUGUST 2023	4.6008
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:



ASSET CLASSES	LOWER LIMIT	UPPER LIMIT	ACTUAL
Money Market & Fixed Income	40	60	46.79
Quoted Equities	40	60	54.2

ABF	31-Jul	31-Aug
Gross year-to-date return	16.04%	20.03%
Gross Quarter-to-date return	9.18%	19.33%
Composite Benchmark rate	25.25%	29.85%

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