

AIICO BALANCED FUND

JANUARY | 2024



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 Jan'24 with a YTD return of 11.25%

The All-Share Index (ASI) of the Nigerian Exchange Limited (NGX) appreciated by 4.78% to settle at 101,154.46 points, while year-to-date return settled at +35.28%. Also, the market capitalization increased by 35.29% m/m to ₦55.36 trillion at the end of January.

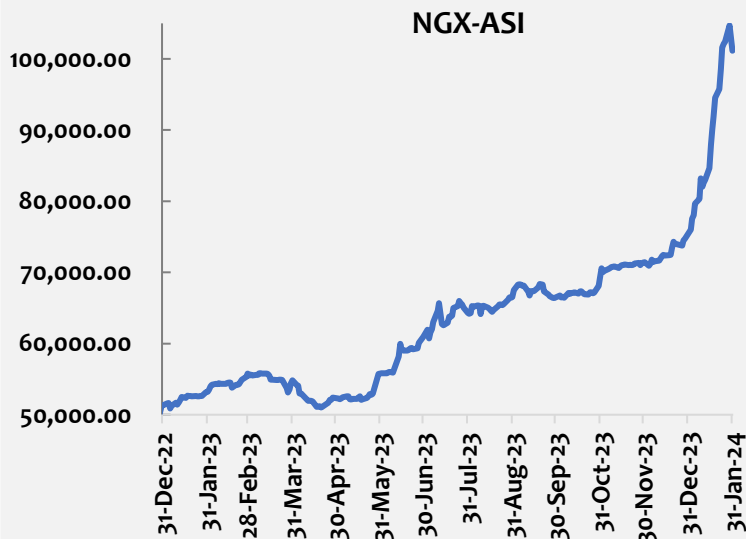
In January, liquidity conditions fluctuated, with ample liquidity at the start of the month due to delayed FAAC inflows, followed by a contraction in liquidity later in the month. DMBs resort to the CBN's repo market for funding as a result of tight liquidity caused by various CBN OMO auctions and intermittent CRR debits. Overall, the average system liquidity declined from ₦201.69 billion to ₦56.70 billion, while the interbank rates decline for the period, as the Open Repo Rate (OPR) declined from 17.25% to 16.49% and the Overnight Rate (OVN) settled at 16.49% from 17.95% in the previous month.

The month commenced with a bullish trend in the treasury bills market, driven by abundant liquidity as banks sought to invest idle cash to avoid CRR debits. After the final NTB auction for the month closed at 5.00%, 7.15% and 11.54%, for the 91-Day, 182-Day and 364-Day papers, respectively, multiple OMO auctions signalled an upward trajectory for yields, leading to a surge in secondary market rates. Thus, average mid-rate increased by c.229bps to 9.99% M-o-M.

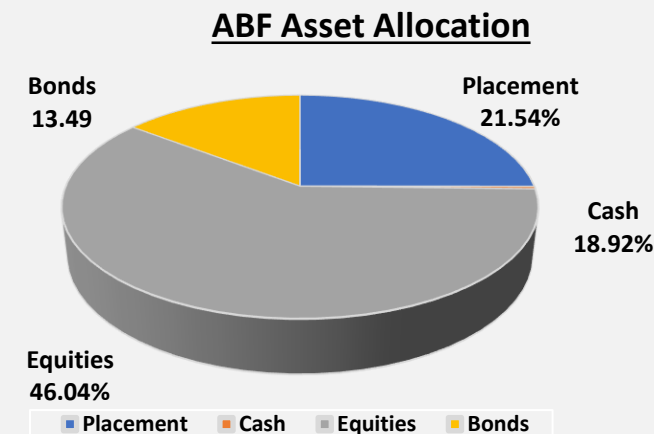
The FGN bonds market began bullishly, with real money players favouring longer-tenor papers. At the auction, issuance was oversubscribed by c.₦244.57 billion despite the ₦360.00 billion offered. The rates on the 2029, 2033 and 2038 papers remained unchanged at 15.50%, 16.00% and 16.50%, respectively, when compared to the previous auction, while the 2027 paper was issued at 15.00%. However, a bearish sentiment emerged post-auction as rates exceeded secondary market levels, driven by tight liquidity and short openings on other papers. The month concluded with the FGN bonds market experiencing a bearish trend due to tight system liquidity, leading investors to sell holdings for liquidity, resulting in a rise in the average mid-yield by approximately 29bps to 14.38% M-o-M.

FACT SHEET

Fund launch date	14-May-18
Fund Size as of 31 JANUARY 2024	250,315,588.53
Bid Price as of 31 JANUARY 2024	5.5952
Offer Price as of 31 JANUARY 2024	5.7123
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	53.96
Quoted Equities	40	60	46.04

ABF	31-Dec	31-Jan
Gross year-to-date return	33.88%	11.25%
Composite Benchmark rate (YTD)	19.96%	15.89%
Gross Quarter-to-date return	13.25%	-14.35%
Composite Benchmark rate (QTD)	5.38%	18.36%

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