

AIICO BALANCED FUND

FEBRUARY | 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 Feb'24 with a YTD return of 5.29%

The All-Share Index (ASI) of the Nigerian Exchange Limited (NGX) declined by 1.16% to settle at 99,980.30 points, while year-to-date return settled at +33.71%. Also, the market capitalization declined by 1.18% m/m to ₦54.71 trillion at the end of February.

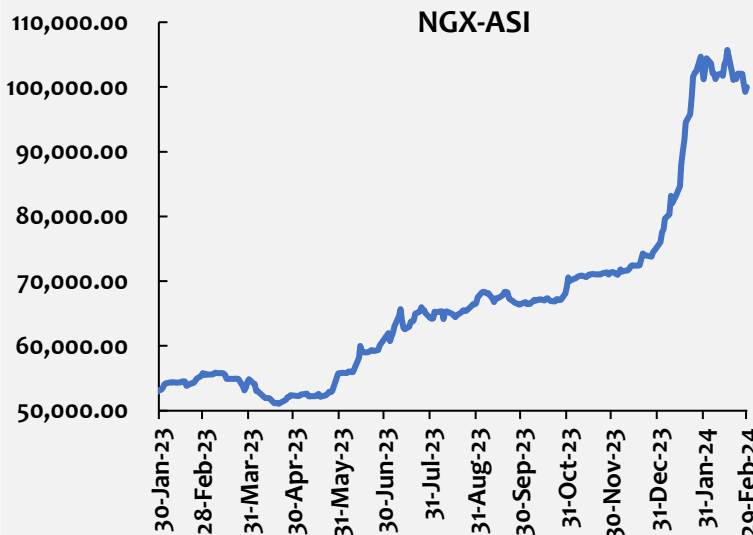
In February, the CBN mopped excess liquidity from the system through its massive NTB, OMO and FGN Bond auctions, totalling ₦2.59 trillion, ₦1.06 trillion and ₦1.49 trillion, respectively. This surge in stop rates at the auction aligned with the MPC's meeting during the month, where interest rate was hiked by 400bps to 22.75%. Consequently, system liquidity was pushed to a deficit balance for major part of the month and the average Open Repo Rate (OPR) and Overnight Rate (OVN) rose to 19.87% and 20.82%, respectively, compared to the previous month's figures of 16.49% and 17.56%.

In the treasury bills market, the DMO auctioned the short-, medium- and long-term papers in an unusual fashion, with massive allotment and drastic uptick in stop rates. For emphasis, the stop rates for the 91-day, 182-day and 364-day papers were issued at 17.00%, 17.50% and 19.00%, respectively at the last auction conducted in February. In terms of size, the DMO sold over ₦1 trillion each at the two auctions during the month. As a result, the average mid-rate surged by c.833bps to 18.31% M-o-M.

Similarly, the FGN Bond market witnessed massive allotment at the auction, where the DMO sold bonds worth ₦1.49 trillion across two fresh papers, 2031 and 2034 at 18.50% and 19.00%, correspondingly. After the auction, mixed to bearish sentiments prevailed as limited demand was observed for the newly issued papers. However, overall market activity was hampered by the liquidity crunch in the system. Consequently, the average mid-yield rose by c.281 basis points, reaching 17.19% M-o-M.

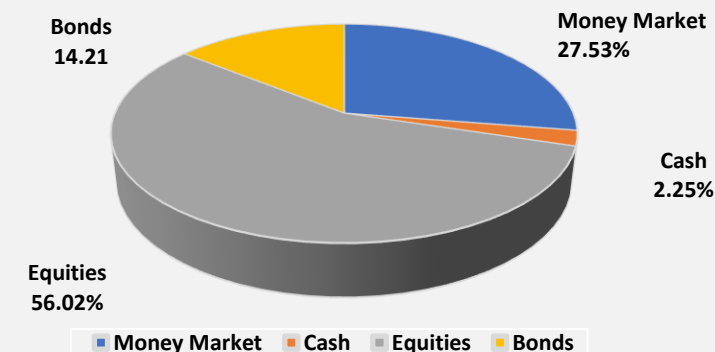
FACT SHEET

| | |
|------------------------------------|----------------|
| Fund launch date | 14-May-18 |
| Fund Size as of 29 FEBRUARY 2024 | 235,262,716.20 |
| Bid Price as of 29 FEBRUARY 2024 | 5.5952 |
| Offer Price as of 29 FEBRUARY 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:

ABF Asset Allocation



| ASSET CLASSES | LOWER LIMIT | UPPER LIMIT | ACTUAL |
|-----------------------------|-------------|-------------|--------|
| Money Market & Fixed Income | 40 | 60 | 43.98 |
| Quoted Equities | 40 | 60 | 56.02 |

| ABF | 31-Jan | 29-Feb |
|--------------------------------|--------|---------|
| Gross year-to-date return | 33.88% | 5.29% |
| Composite Benchmark rate (YTD) | 19.96% | -6.12% |
| Gross Quarter-to-date return | 13.25% | -20.31% |

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