

AIICO BALANCED FUND

MARCH | 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 Mar-24 with a YTD return of 5.24%

The All-Share Index (ASI) of the Nigerian Exchange Limited (NGX) appreciated by 4.58% to settle at 104,562.06 points, while year-to-date return settled at +39.86% at the end of March. Also, the market capitalization increased by 8.07% M-o-M to ₦59.12 trillion in the same period.

In March, system liquidity was impacted by the sale of OMO auction and treasury bills worth about c. ₦1,056.30 billion and ₦1,316.68 billion, respectively, which mopped up a sizeable portion of liquidity in the system. However, liquidity slightly improved towards the end of the month following the inflows from bond coupon, bond maturity, swap maturity, and some CRR refunds. Consequently, the Open Repo Rate (OPR) and Overnight Rate (OVN) rates increased by 27.96% and 29.45%, respectively, compared to 19.87% and 20.82% in the previous month.

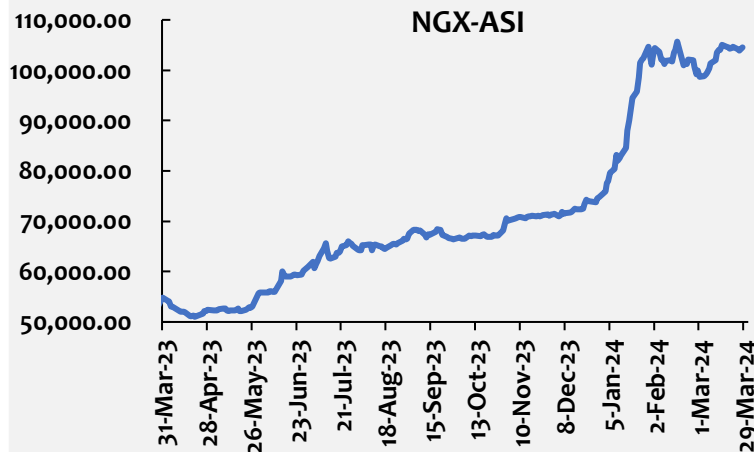
Towards the end of the month, the CBN increased MPR by 200bps from 22.75% to 24.75%, adjusted the asymmetric corridor to +100/-300 bps from +100/-700 bps, adjusted the CRR of Merchant Banks from 10% to 14%, and retained the CRR for deposit money banks and liquidity ratio at 45% and 30.00%, respectively.

In the treasury bills market, the DMO held three auctions. The first auction witnessed an increase in stop rates due to the tight liquidity conditions, as well as the substantial sale of OMO bills in the primary market. Despite occasional increases in liquidity, particularly around mid-month, cherry-picking activity was observed on several papers, including those with maturities in June 2024, January 2025, February 2025, and March 2025. Towards the end of the month, an improvement in liquidity led to the stability in stop rates at the final auction. However, the market closed slightly bearish, with the average mid-yield increasing by 9bps to settle at 15.89% M-o-M.

The FGN local bonds market was affected by the liquidity crunch in the early part of the month, resulting in less volatility and a bearish sentiment. The DMO auctioned ₦450.00 billion but sold ₦608.86 billion, with the March 2027 newly issued paper at 19.94%, and the Feb 2031 and Feb 2034 papers issued at 20.00% and 20.45%, respectively. Consequently, secondary market yields moved higher across the curve. A special USD for Naira FGN bonds primary market auction was also conducted by the CBN, which saw maturities in 2026, 2027, and 2028 issued at 21.00% each with ₦2.35 trillion in total sales. The overall market closed bearish with a 175 bps uptick in average mid-yield to settle at 18.94% M-o-M.

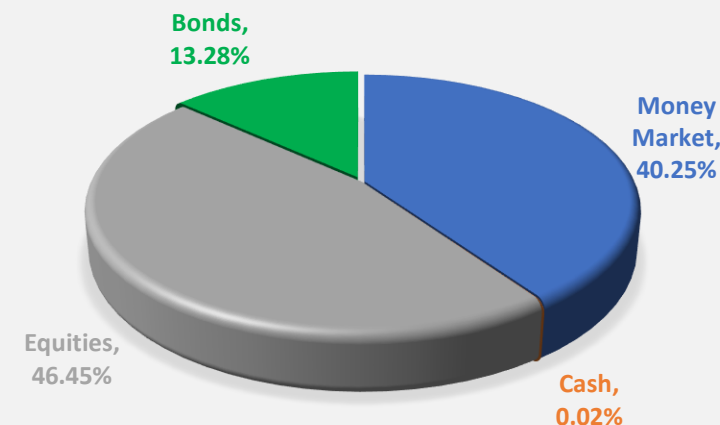
FACT SHEET

Fund launch date	14-May-18
Fund Size as of 31 MARCH 2024	237,124,718.80
Bid Price as of 31 MARCH 2024	5.2931
Offer Price as of 31 MARCH 2024	5.3777
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



ABF	29-Feb	31-Mar
Gross year-to-date return	5.29%	5.24%
Composite Benchmark rate (YTD)	-6.12%	12.96%
Gross Quarter-to-date return	-20.31%	5.24%
Composite Benchmark rate (QTD)	-19.59%	12.96%

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