

AIICO BALANCED FUND

MAY | 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 May-24 with a YTD return of 5.74%

The All-Share Index (ASI) closed the month bullish at 1.09% m/m to settle at 99,300.38 points, while the year-to-date return and market capitalization closed at 32.80% and ₦56.17 trillion, respectively. To elucidate, there were persistent selling interests across several tickers for three consecutive weeks. However, towards the end of the month, noticeably renewed buying interests jolted several stocks at profitable levels.

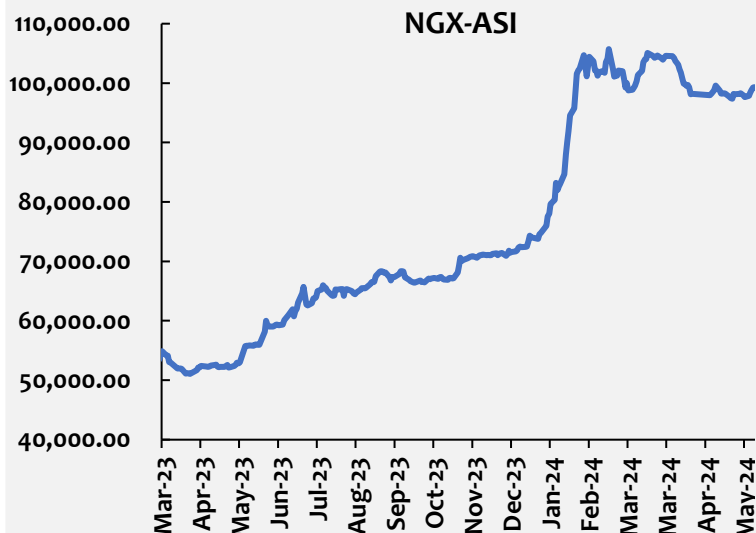
In May, The financial system faced a liquidity shortage for the significant part of May. While inflows from federal allocations and FX Swap maturities helped increase money in the financial system, OMO auctions (₦1.92 trillion), NTB auctions (₦913.64 billion), and FGN local bond auctions (₦682.07 billion) significantly impacted liquidity. Overall, the average opening system liquidity increased from -₦490.48 billion in April to -₦227.77 billion in May. The average Open Repo Rate (OPR) increased by 138 basis points m/m to 29.61%, while the Overnight Rate (OVN) expanded by 118 basis points m/m to 30.38%.

The treasury bills market started bullish in the first half of the month, with a slight decrease in stop rates at the primary market auctions. However, the market's sentiment turned negative after the CBN increased the monetary policy rate by 150 basis points to 26.25% and issued multiple OMO bills. Overall, the treasury bills market closed on a bearish note in May. The average mid-rate rose by 126 basis points m/m, settling at 20.52%.

The month began with the DMO's revision of the FGN bond calendar, replacing the Feb 2034 paper with a new May 2033 (9-year) paper. The new paper, 2033, was issued at 19.89%, while the 2029 and 2031 papers were issued at 19.30% and 19.75%, respectively, implying 1bp lower than April's auction. Post-auction market sentiment stayed mixed but on a calm note. After the CBN's hike in interest rate, the market repriced, with yields soaring higher across the curve. After a while, activities subsided. Nevertheless, the market settled bullish as the average mid-yield declined by 14bps to 18.49%.

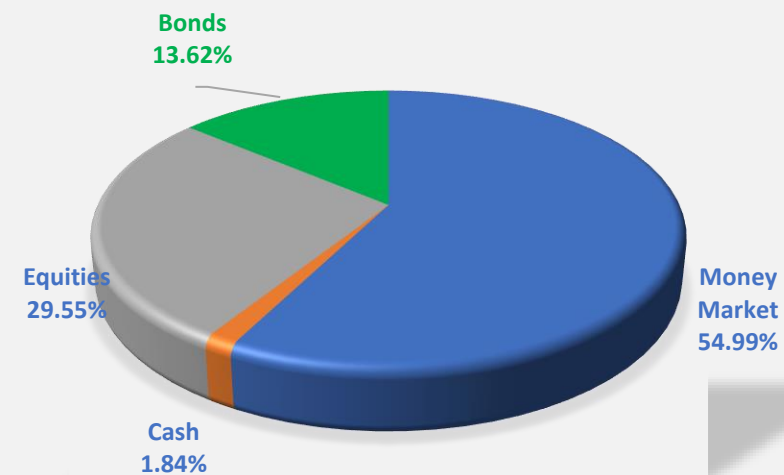
FACT SHEET

Fund launch date	14-May-18
Fund Size as of 31 MAY 2024	232,890,088.48
Bid Price as of 31 MAY 2024	5.3183
Offer Price as of 31 MAY 2024	5.3734
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	30-Apr	31-May
Year-to-date return	4.22%	5.74%
Composite Benchmark rate (YTD)	14.59%	11.45%
Quarter-to-date return	-0.97%	0.48%
Composite Benchmark rate (QTD)	0.69%	-0.35%

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