

AIICO EUROBOND FUND

JUNE | 2024



OVERVIEW

AIICO Eurobond Fund is an open-ended Dollar denominated mutual fund, strategically investing in high-quality Nigeria sovereign & non-sovereign Eurobonds and in investment-grade money market instruments.

INVESTMENT OBJECTIVES

The investment objective of the fund is to offer investors the opportunity to diversify their portfolios, ensure long term capital appreciation and capital preservation while generating a steady stream of income on USD denominated securities.

FUND PERFORMANCE

The AIICO Eurobond fund closed the month of June 2024 with a YTD return of 6.94%

In June, the FX market was less volatile though gradual depreciation was observed throughout the month. Regardless, inflows from offshore players supported FX liquidity, particularly through the OMO auctions, where the CBN sold about ₦1.77 trillion during the month.

At the end of the month, the Naira depreciated further by 3.79% m/m in the NAFEM window to ₦1,505.30 per USD after losing 6.83% m/m in May. However, according to NAFEX fixing, the naira appreciated by 0.52% m/m to ₦1,488.21 per USD. Gross external reserves increased by 4.57% m/m from \$32.69 billion at the end of May to \$324.19 billion at the end of June.

In the Eurobonds market, the US Non-farm Payroll, CPI, and the Fed's rate decision were the crucial turning points for market players in June.

The first few trading sessions in the month witnessed a bearish bias due to the US Nonfarm Payroll, which was higher-than-forecasted at 272k (Est. 182k) from 165k, despite the U.S unemployment rate increasing to 4.00% from 3.90% in April.

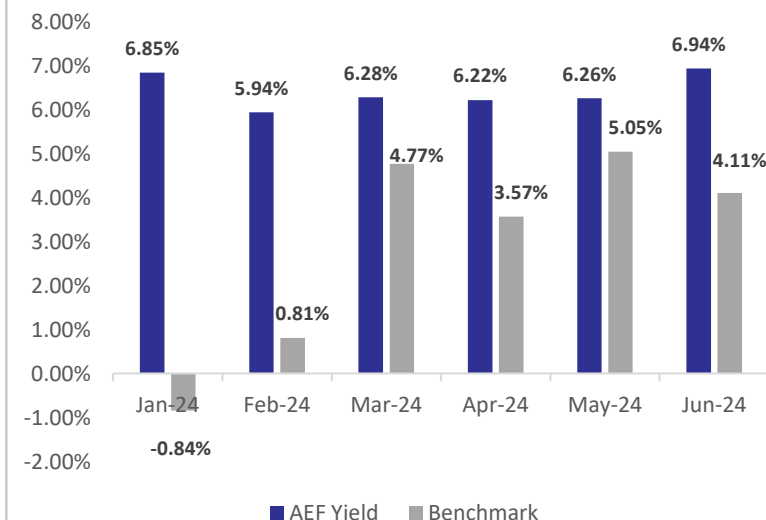
The bearish trend persisted till US CPI data showed that inflation fell to 3.30% in May (Est. 3.30%), down from 3.40% in April. In addition, monthly headline and core inflation were lower in May, at 0.00% and 0.20%, respectively, down from 0.30% in the previous month. Thereafter, market sentiment turned bullish. However, the Fed's revised projection to a single rate cut stimulated a bearish bias, given that three rate cuts were announced at the start of the year.

Overall, the market closed bearish, as the average mid-yield increased by 36bps m/m to settle at 10.03%.

FACT SHEET

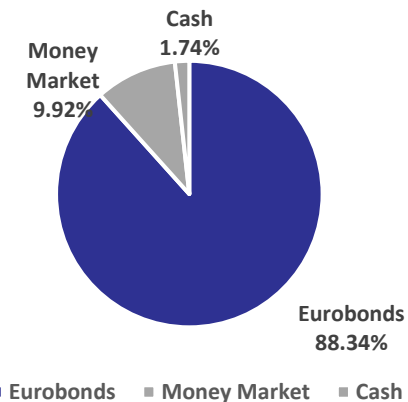
Fund launch date	20 Dec 2023
Fund Size as of 30 June 2024	\$983,917.44
Minimum Investment	\$1,000.00
Minimum Holding Period	180 Days
Benchmark	3-year NIG Eurobond
Net Yield	6.94%
Benchmark Rate	4.11%

AEF Monthly Returns



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 ALLOCATION



ASSET CLASSES	LOWER LIMIT	UPPER LIMIT	ACTUAL
NIG Sovereign, Supranational & Corporate Eurobonds	50.00%	100.00%	88.34%
Money Market	0.00%	30.00%	9.92%
Cash	0.00%	5.00%	1.74%

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