

# AIICO EUROBOND FUND

JULY | 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 July 2024 with a YTD return of 7.07%

In July, the Naira lost value against the USD due to increased demand, partly because of seasonal effects. Although the exchange rate was less volatile, the Naira still weakened despite efforts by the Central Bank of Nigeria (CBN) to intervene in the market, especially towards the end of the month. The CBN initially sold \$122.67 million and \$106.5 million to Authorized Dealer Banks, followed by an additional supply of over \$120 million at the end of the month to alleviate demand pressures.

The value of the Naira dropped by 6.87% m/m to ₦1,608.73 per USD in the NAFEM window. In the parallel market, the Naira also depreciated by approximately 6.50% m/m to ₦1,602.83 per USD. As per the NAFEX fixing, the Naira depreciated by 9.42% m/m to ₦1,628.47 per USD. On a positive note, gross external reserves increased by 7.63% m/m, rising from \$34.19 billion at the end of June to \$36.80 billion at the end of July. However, the price of Brent crude oil fell by 6.58% from \$86.41 per barrel at the end of June to \$80.72 per barrel at the end of July.

Externally, essential factors in the US markets included the Consumer Price Index (CPI), Housing Statistics, and the GDP growth rate, among other indicators.

At the beginning of the month, there was a positive outlook as the US Consumer Price Index for June increased by 3.00%, which was lower than the expected 3.10% and 3.30% in May. However, market sentiment shifted to a more pessimistic view when the US Housing Statistics data revealed a figure of 1.35 million, exceeding the estimated 1.30 million and the 1.31 million reported in the previous month. Additionally, the US GDP growth rate for Q2'24 was reported at 2.80%, surpassing the market forecast of 2.00% and 1.40% in Q1'24.

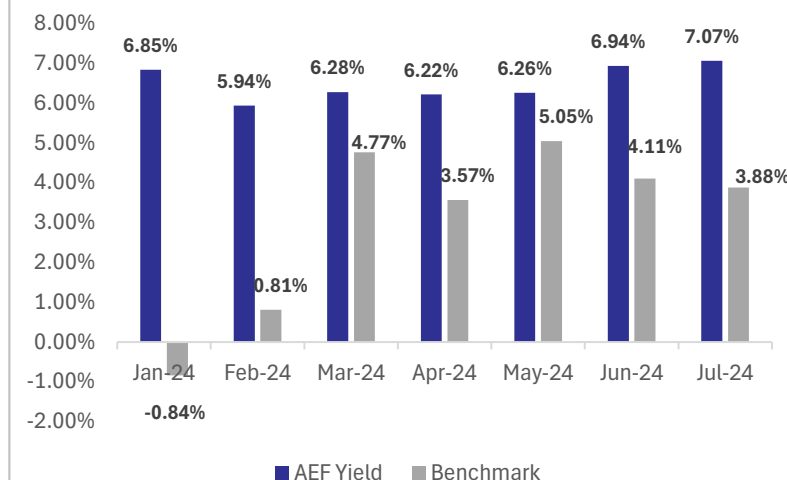
At the FOMC meeting, the Federal Reserve maintained a hold stance while indicating the possibility of a rate cut in the upcoming September meeting.

Overall, the market ended on a bearish note, with the average mid-yield increasing by 3 basis points month-on-month to settle at 10.06%.

## FACT SHEET

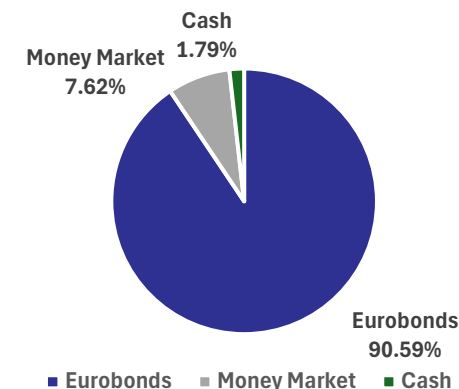
Fund launch date	20 Dec 2023
Net Asset Value as of 31 July 2024	\$941,996.15
Minimum Investment	\$1,000.00
Minimum Holding Period	180 Days
Benchmark	3-year NIG Eurobond
Net Yield	7.07%
Benchmark Rate	3.88%

## 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%	90.59%
Money Market	0.00%	30.00%	7.62%
Cash	0.00%	5.00%	1.79%

Aim higher. Reach further ▶