

AIICO EUROBOND FUND

SEPTEMBER | 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 with a year-to-date (YTD) yield of 6.96%. The Eurobond market opened with bearish sentiments, driven by weaker-than-expected U.S. economic data and global geopolitical tensions. These factors exerted downward pressure on the market.

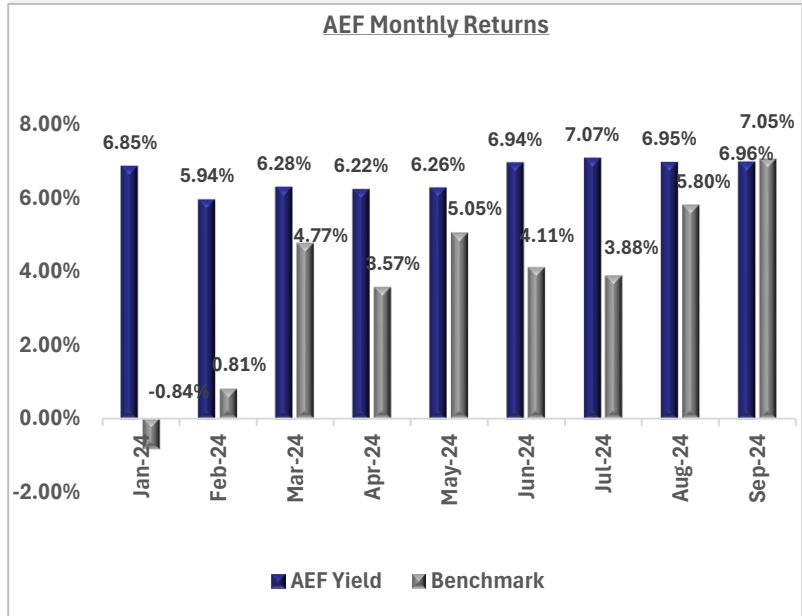
Key activity during the period was a 50bps rate cut by the U.S. Federal Reserve. This larger-than-anticipated rate cut was designed to support the cooling job market and help stabilize inflation. As a result, a bullish momentum emerged, with capital flows moving from developed markets into Sub-Saharan Eurobond markets. In Nigeria, this rally was further fueled by ongoing economic reforms and the attractive rates offered on OMO bills, which drew the interest of foreign investors. Overall, the month closed with mixed sentiments as rising oil prices, Middle East tensions, and U.S. consumer confidence data influenced the market. Overall, the average mid-yield across Nigerian Eurobond papers declined by 14bps M-o-M to 9.47%

The foreign exchange (FX) market sustained heightened volatility during the month, driven by limited dollar supply and robust corporate demand. Exchange rates fluctuated between ₦1,500/\$ and ₦1,699/\$. The Central Bank of Nigeria (CBN) intervened multiple times to stabilize the market. The Naira appreciated by 3.54% month-on-month, with the NAFEX fixing rate closing at ₦1,541.94/\$.

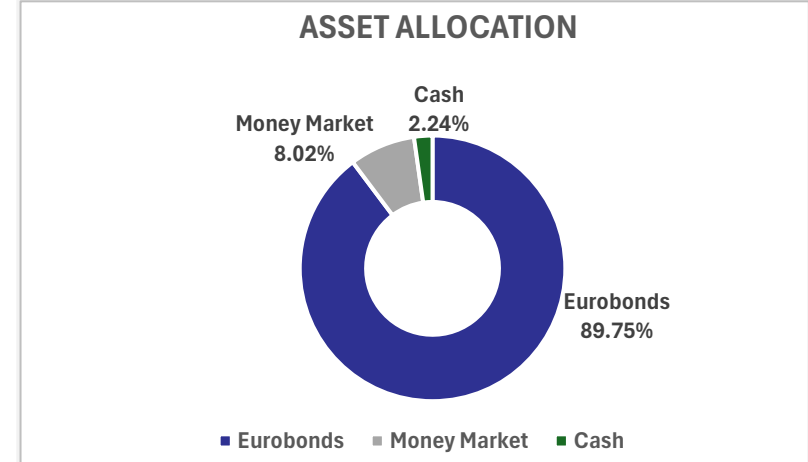
Another significant development was Nigeria's successful issuance of its first domestic dollar-denominated bond. The \$900 million bond, with a 9.75% coupon rate, was oversubscribed by 180%, signaling strong investor confidence in Nigeria's economic reforms and efforts to stabilize its currency while attracting foreign investments.

FACT SHEET

Fund launch date	20 Dec 2023
Net Asset Value as of 30 September 2024	\$1,019,417.38
Minimum Investment	\$1,000.00
Minimum Holding Period	180 Days
Benchmark	3-year NIG Eurobond
Net Yield	6.96%
Benchmark Rate	7.05%



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 CLASSES	LOWER LIMIT	UPPER LIMIT	ACTUAL
NIG Sovereign, Supranational & Corporate Eurobonds	50.00%	100.00%	89.75%
Money Market	0.00%	30.00%	8.02%
Cash	0.00%	5.00%	2.24%

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