

# CARDINALSTONE FIXED INCOME ALPHA FUND FACTSHEET

June 2024

## About Fund

The CardinalStone Fixed Income Alpha Fund is a safe, reliable, suitable and attractive investment vehicle targeted at retail investors, high net worth individuals and institutional investors. The Fund welcomes participation from both Nigerian residents and non-Nigerian residents.

## Fund Objective

The objective of the Fund is to provide investors with steady return on capital, liquidity and capital preservation by investing in a diversified portfolio of high-quality short-term money market instruments and long-term fixed income instruments which will include Sovereign Treasury Bills, Fixed deposits, Certificate of deposits, Commercial papers, Collateralized repurchase agreements, Banker's acceptances, Corporate Bonds, State Bonds, Sovereign Bonds and any other instrument approved by the SEC.

## Fixed Income Market Review

June witnessed overall bearishness in the fixed income markets, with NTB, Bond and OMO auctions maintaining a deficit in system liquidity until cushions from FAAC, bond coupons and OMO maturities. Investors in both the bond and treasury bill markets continued to seek out longer maturities and high yields, unsurprising as general sentiment is that we have seen the peak of the high yield environment.

The CBN offered N228.71bn but allotted N284.26bn in June's final Treasury Bill auction, representing a 24% oversubscription. After a series of marginal rate slashes, we saw the CBN pump rates by 18bps for the one year tenor, keeping the other tenors flat (previous: 91-day: 16.30%, 182-day:17.44%, 364-day: 20.50%). Limited offers on the longer end of the curve had persisted prior to the auction, however this marginal increase in rates saw investors become freer with offers on the longer end of the curve; interest continued to be buoyed by positive system liquidity.

The bond market also enjoyed the DMO's generosity at the bond auction, with the bonds on offer closing on an average of 80bps higher than last offer, with the 33 in particular being favored by market players. APR 2029: 19.64%; FEB 2031: 20.19%; MAY 2033: 21.50% (prev:19.29%;19.74%;19.89% respectively). Sentiments in the bond market however remained quiet at month close, with the S&P FMDQ bond gaining 129bps in the month of June.

## Outlook

Expect rates to remain elevated in July, with the trend of persistent OMO auctions to mop up excess system liquidity continuing.

## Contact Details

5 Okotie Eboh Street, Off Awolowo Road, Ikoyi, Lagos, Nigeria.

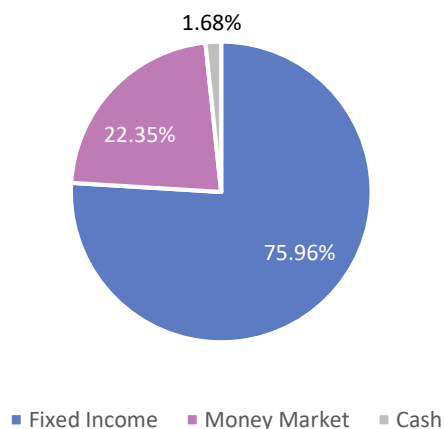
Email: [mutualfunds@cardinalstone.com](mailto:mutualfunds@cardinalstone.com)

Website: [Cardinalstoneassetmanagement.com/mutual-funds/](http://Cardinalstoneassetmanagement.com/mutual-funds/)

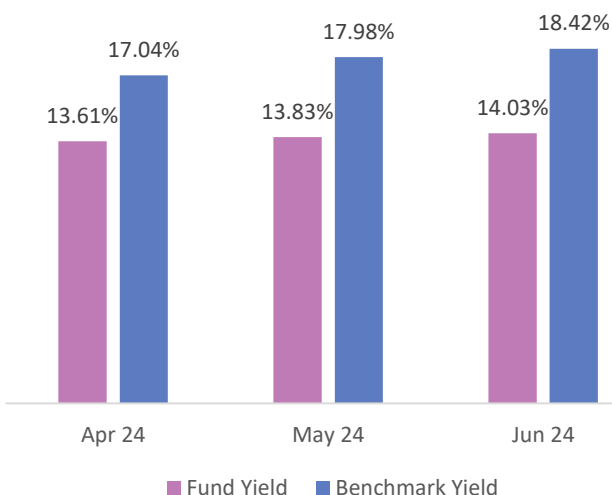
## Fund Facts

Launch Date	February 1, 2021
Fund Type	Open-Ended
Asset Class	Fixed Income
Risk Profile	Moderate
Benchmark	70% 3-year FGN Bond and 30% Nigeria Inter Bank Treasury True Yield.
Currency	Nigeria Naira (₦)
Fund Size	₦ 1.72bn
Offer Price	₦ 1.0000
Current Price	₦1.0704
Distribution	Semi Annual
Distribution Paid	₦ 0.0360
Minimum Holding Period	90 Days
Minimum Investment	₦ 10,000.00
Management Fee	1%
Early Redemption Charge	20% on earned income

## Fund Asset Allocation



## Fund Performance



# CARDINALSTONE EQUITY FUND FACTSHEET

June 2024

## About Fund

The CardinalStone Equity Fund is an actively managed open-ended collective investment unit trust scheme that invests in authorised investments.

## Fund Objective

The Fund seeks to deliver real returns and achieve long term capital appreciation of its assets by investing in a diversified pool of quoted and unquoted public equity securities on the NGX and the NASD OTC Securities Exchange, subject to a minimum allocation of 70% to equities but a maximum allocation of 20% in unquoted public equities. The Fund shall also have a maximum allocation of 30% to fixed income securities and money market securities.

## Equity Market Review

The Equities market began the month on a positive note as demand improved in the month of June. On a month-to-date basis, the NGX ASI grew by 76 bps while the NGX-30 grew by 92 bps. Activities in the stock market were muted in the first week of June up until 10<sup>th</sup> of June where the ASI grew by 58 bps on a Day-on-Day basis. This bullish sentiment was sustained up until the last week of the month. Although the equities market closed on a positive note, the NGX-30 index gained just 0.92%, lower than May's increase of 1.15%.

The renewed positive sentiments was largely due to positive corporate disclosures e.g., PRESCO's proposed acquisition of Ghana Oil Palm Development Company, Banks' Recapitalization exercise (ACCESSCORP and FIDELITYBK), Tolaram's acquisition of Guinness, International Breweries Rights Issue and dampened sentiments in the fixed income space.

In the fixed income space, Treasury Bill stop rates declined, leading to a shift in investor's sentiments. The negative market liquidity conditions during the period led to lower stop rates of 16.30% (-20 bps) for the 91-day bill, 17.44% (-1 bp) for the 181-day bill, and 20.68% (-1 bp) for the 364-day bill compared to the last auction in May.

## Outlook

The equities market is projected to sustain positive sentiments across all sectors as half-year results start to troop in amid possible positive corporate disclosures. Additionally, the Nigerian equities market is expected to continue to react inversely to Treasury Bill primary auction outcomes.

## Contact Details

5 Okotie Eboh Street, Off Awolowo Road, Ikoyi, Lagos, Nigeria.

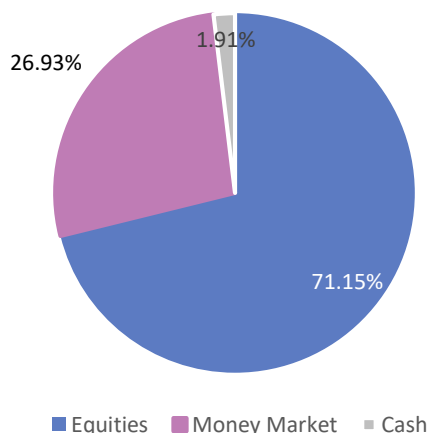
Email: [mutualfunds@cardinalstone.com](mailto:mutualfunds@cardinalstone.com)

Website: [Cardinalstoneassetmanagement.com/mutual-funds/](http://Cardinalstoneassetmanagement.com/mutual-funds/)

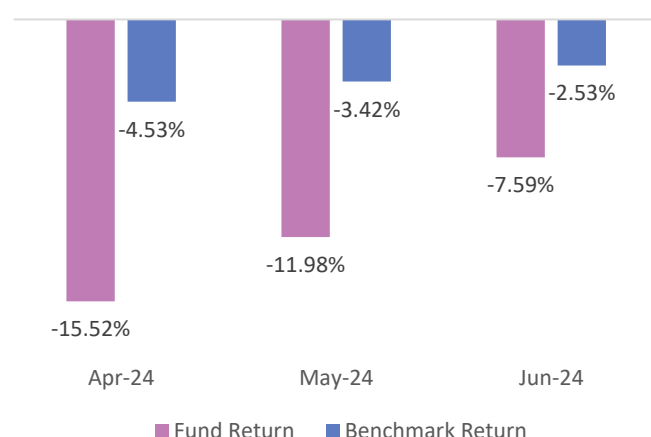
## Fund Facts

Launch Date	February 1, 2024
Fund Type	Open-Ended
Asset Class	Equity
Risk Profile	High
Benchmark	NGX-30
Currency	Nigeria Naira (₦)
Fund Size	₦ 631mn
Offer Price	₦ 1.0000
Current Bid/Offer Price	₦ 0.9189/0.9274
Distribution	Annual
Distribution Paid	Nil
Minimum Holding Period	90 Days
Minimum Investment	₦ 10,000.00
Management Fee	1%
Early Redemption Charge	20% on earned income

## Fund Asset Allocation



## Fund Performance



# CARDINALSTONE DOLLAR FUND FACTSHEET

June 2024

## About Fund

The CardinalStone Dollar Fund is an actively managed open-ended collective investment unit trust scheme that will invest in Authorized Investments

## Fund Objective

The Fund primarily seeks to provide investment income and diversification by investing in investment-grade Nigerian sovereign and corporate Eurobonds, as well as money market instruments.

## Fixed Income Market Review

During the month, the SSA Eurobond market saw significant fluctuations. Early stability from the IMF's agreement with Egypt led to steady yields for Egypt and slight gains for Nigeria and Angola. However, this stability was short-lived as widespread selling interest emerged due to the Federal Reserve's concerns about inflation, causing a bearish trend. Nigeria, Angola, and Egypt all faced notable declines.

Mid-month, mixed sentiments arose, stability in Nigeria and Ivory Coast, a rally in Ghana, underperformance in Kenya, and weakening in Egypt due to regional tensions.

Towards month-end, bullish momentum returned with strong performances from Nigeria and Angola and a rebound in Egypt which is partly due to the cool off from the US PCE figures. Despite Kenya's finance bill withdrawal, its Eurobonds remained stable, gaining later due to positive debt repayment news, while Egypt's underperformed.

The International Monetary Fund (IMF) has agreed to disburse \$360 million to Ghana as part of its \$3 billion loan arrangement after the approval of its \$13bn debt restructuring which include a 37% haircut loss to investors

Overall, the month saw initial gains, a mid-month downturn, and a late-month recovery with mixed outcomes.

Despite a rebound toward the end of the month, the mid-month decline was substantial enough to result in a 194bps decline in Nigerian sovereign bonds and a 15bps decline in corporate bonds by the month end..

## Outlook

In the Nigeria Eurobond market, bullish sentiments are anticipated due to fiscal and monetary policies/reforms that are expected to enhance FX reserves through sustained foreign inflows, increased remittances, and currency stability. Additionally, with the US Fed projecting at least one rate cut this year, we expect investors to factor this into the Eurobond space.

## Contact Details

5 Okotie Eboh Street, Off Awolowo Road, Ikoyi, Lagos, Nigeria.

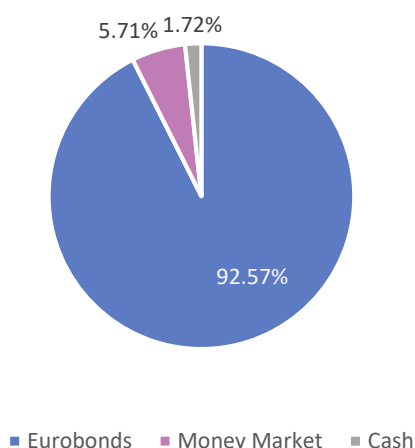
Email: [mutualfunds@cardinalstone.com](mailto:mutualfunds@cardinalstone.com)

Website: [Cardinalstoneassetmanagement.com/mutual-funds/](http://Cardinalstoneassetmanagement.com/mutual-funds/)

## Fund Facts

Launch Date	February 5, 2024
Fund Type	Open-Ended
Asset Class	Fixed Income
Risk Profile	Moderate
Benchmark	3-year Federal Government of Nigerian Eurobond
Currency	United State Dollars(\$)
Fund Size	\$ 1.75mn
Offer Price	\$ 1.0000
Current Price	\$ 1.0265
Distribution	Semi Annual
Distribution Paid	Nil
Minimum Holding Period	6 months from date of purchase.
Minimum Investment	\$ 500
Management Fee	1%
Early Redemption Charge	2% of the redemption value

## Fund Asset Allocation



## Fund Performance

