

# CARDINALSTONE FIXED INCOME ALPHA FUND FACTSHEET

July 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

July's major fixed income event came in the fourth Monetary Policy Committee meeting of the year, chaired by Dr Olayemi Cardoso. The meeting concluded on July 23rd, 2024 with its key outcome being a 50bps rate hike, taking Nigeria's monetary policy rate to 26.75%. The Committee also adjusted the asymmetric corridor around the MPR to +500/-100bps and retained the liquidity and cash reserve ratios for banks at 30% and 45% respectively.

The effects of this rate hike came into play immediately in the last Nigerian Treasury Bill auction of the month, with market players interest in the one year bill white-hot; oversubscribed by 39%. Stop rates on the one year bill climbed as high as 22.1% (prev, 21.24%), further fueling market sentiment that yield reversals are not a near-term concern.

In the bond market, the S&P FMDQ Bond Index shed 232bps in the month of July, with bearishness stemming from uncertainty on yield directions in the period. The DMO reopened three bonds, the APR 2029, FEB 2031, and MAY 2033, closing at 19.89%, 21.00% and 21.98% respectively. (prev: 19.64%, 20.19% & 21.50%). However, there continued to be cherry-picking on the belly of the curve by investors; with yields in the secondary market climbing as investors priced in the new MPR.

## Outlook

We expect system liquidity (or the lack thereof) to continue to set the tone for market activity. We also expect continued cherry-picking in the fixed income markets in August.

## Contact Details

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

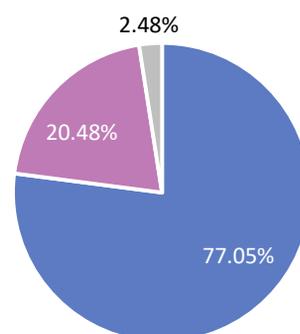
Email: [mutualfunds@cardinalstone.com](mailto:mutualfunds@cardinalstone.com)

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

## Fund Facts

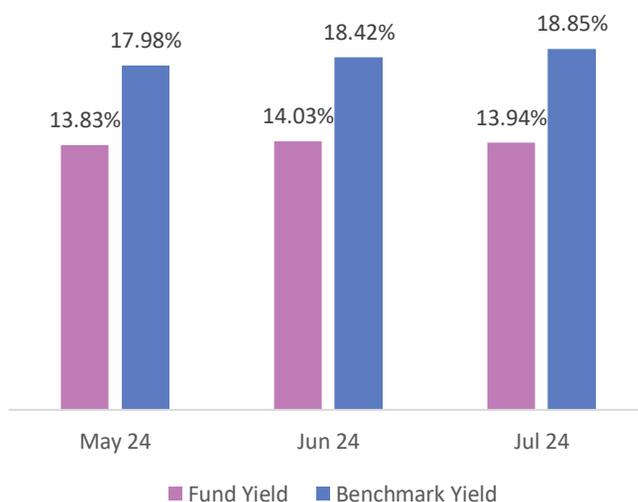
Launch Date	February 1, 2021
Fund Type	Open-Ended
Asset Class	Fixed Income
Risk Profile	Moderate
Benchmark	70% 3-year FGN Bond and 30% Nigeria Inter Bank Treasury True Yield.
Currency	Nigeria Naira (₦)
Fund Size	₦ 1.66bn
Offer Price	₦ 1.0000
Current Price	₦1.0377
Distribution	Semi Annual
Distribution Paid	₦ 0.0800
Minimum Holding Period	90 Days
Minimum Investment	₦ 10,000.00
Management Fee	1%
Early Redemption Charge	20% on earned income

## Fund Asset Allocation



■ Fixed Income ■ Money Market ■ Cash

## Fund Performance



# CARDINALSTONE EQUITY FUND FACTSHEET

July 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 bullish sentiment observed in June initially spilled into the month of July as we saw the NGX-ASI gain 24bps within the first three days of the new month. However, mixed sentiment dominated market activities as investors reacted to companies half year results, corporate disclosures and circulars. The month ended with the equities market closing on a bearish note, printing a MTD return of -2.28%. For context, the banking index posted a 4.02% week-on-week loss following the announcement of the 70% windfall tax on realized FX gains. The sustained bearishness resulted in a MTD return of -3.47% for the sector. This effect was also seen in the NGX ASI and NGX 30 as both indices suffered declines following the announcement of the windfall tax.

Following the July MPC meeting and the 50bps increase in interest rate to 26.75%, the equities market experienced sell-offs, although marginal, as investors sourced for higher yielding fixed income instruments. However, the release of better-than-expected half year results tapered the sell-offs. We noted positive sentiments on UCAP, PRESCO and CUSTODIAN tickers gaining 16.98%, 16.60% and 12.25% respectively during the month.

## Outlook

In August 2024, we anticipate corporate announcements and the release of financial results to be major catalysts driving sentiments across tickers. On one hand, we expect pockets of rallies as the sell-offs in the banking sector have created re-entry opportunities. On the other hand, the sustained risk-off sentiment on banking tickers following the recently announced windfall tax could persist in August. We, thus, expect the local bourse to maintain a mixed undertone with slight buying activities anticipated for select tickers.

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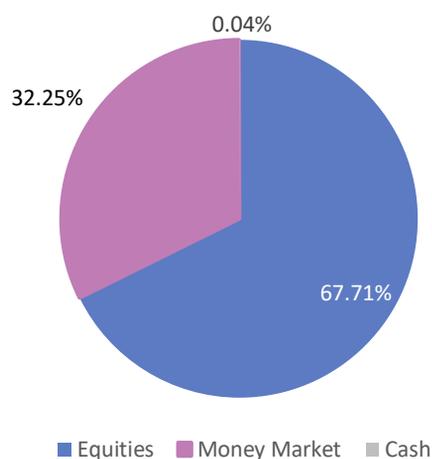
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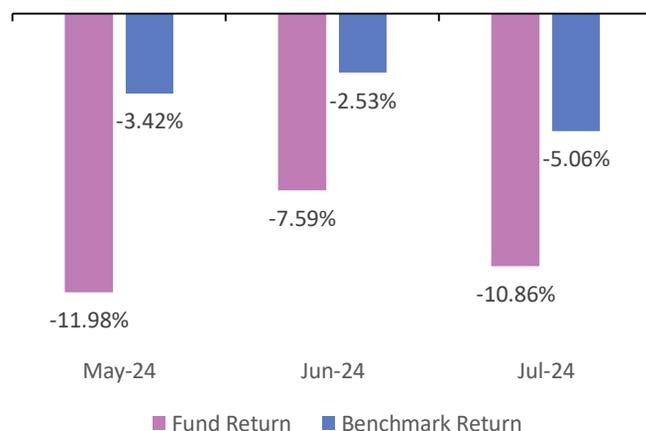
## Fund Facts

Launch Date	February 1, 2024
Fund Type	Open-Ended
Asset Class	Equity
Risk Profile	High
Benchmark	NGX-30
Currency	Nigeria Naira (₦)
Fund Size	₦ 586mn
Offer Price	₦ 1.0000
Current Bid/Offer Price	₦ 0.8866/0.8946
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

July 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.

## Market Review

In July, the Sub-Saharan Africa (SSA) Eurobond market experienced mixed sentiment. At the start of the month, the market experienced rallies across the SSA curve, largely driven by the increase in oil prices and cherry picking across attractive instruments. As a result, instruments on the Nigerian and Angolan yield curve experienced the most uptick in prices, at an average of USD0.37.

The second week, however, saw a reverse in sentiment as bearishness dominated market activities wiping off the profits made in the first week. Investors took profits and maintained a risk-off stance on the back of the Federal Reserve's July meeting and the committee's disposition towards its fast tracking the much anticipated interest rate cut decision.

In reverse sentiment, the weeks leading to the end of July saw an improvement in sentiment as the release of softer economic data from the U.S. improved investor sentiment.

Despite month's volatility, Nigerian Eurobonds experienced a marginal average increase in yield of 2 basis points to settle at 9.96% at July 31. Corporate bonds, however, saw an uptick in average yield by 8bps to settle at 8.58%.

During the month, Nigeria announced the issuance of \$500 million domestic foreign currency-denominated bonds in August, which will influence future Eurobond issuances this year

## Outlook

The Eurobond market is likely to reflect mixed sentiment in August as the effect of the CBN's ongoing efforts to address FX challenge remains on the front burner of various policies from the bank. On the other hand, we expect investors to continue to cherry-pick from the myriad quality instruments while also keeping an eye on interest rate decisions by major global central banks including the Federal Reserve.

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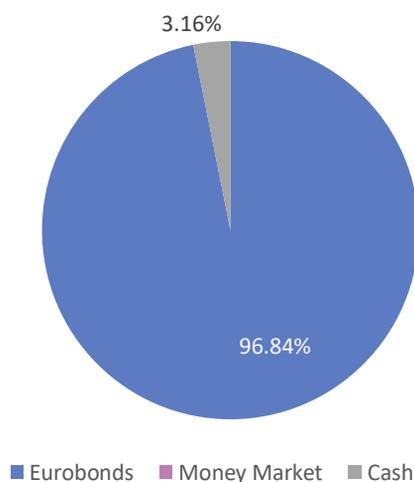
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## Fund Facts

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	\$ 1.81mn
Offer Price	\$ 1.0000
Current Price	\$ 1.0329
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

