

CARDINALSTONE FIXED INCOME ALPHA FUND FACTSHEET

December 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

System liquidity averaged negative NGN268.78bn in December 2024, despite inflows from FAAC disbursements, CRR refunds, and bond coupon payments. This supported the overarching bearish tone in the fixed income markets, with investors largely on the sidelines.

The NTB market saw three auctions in the month of December, with the 91 and 182-day maturities staying stable at 18.00% and 18.50% respectively (November: 18.00% and 18.50%). However, the one-year maturity shed 60bps m-o-m to close at 22.90% at the last auction of the year (November: 23.50%).

In the bond market, stop rates moved on one of the auction bonds, with the FGN 2029 offered 14bps higher than it was in November, at 21.14% (November: 21.00%). However, the FGN 2031 stayed stable at 22.00%. In bills, post auction, unmet demand filtered into the secondary market, with the one-year NTB trading some 70bps away from auction offer.

This demand soon waned however, following the CBN's offer of NGN500.00bn in OMO across tenors. In bonds, mild buying activity was once again evident on auction maturities, with the FGN 2029 (9bps) and FGN 2031 (5bps) settling lower by month close at 21.05% and 21.95% respectively.

Outlook

We expect bullishness to come into play in January, as investors will have ample liquidity following liquidity inflows from OMO bills (NGN850.57bn), Treasury Bills(NGN311.48bn) and Bond coupons(NGN281.76bn). Investor quietness at the start of the year looks set to change as clarity comes to the market following auction calendar releases.

Contact Details

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

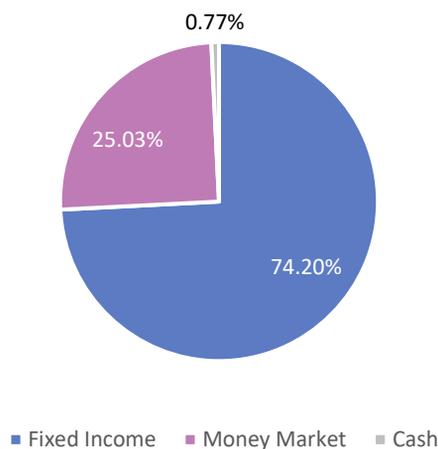
Email: mutualfunds@cardinalstone.com

Website: Cardinalstoneassetmanagement.com/mutual-funds/

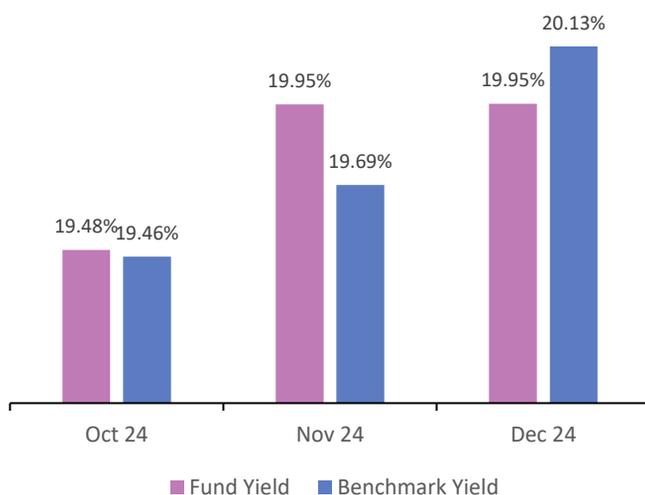
Fund Facts

| | |
|-------------------------|---|
| 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 | ₦ 1.55bn |
| Offer Price | ₦ 1.0000 |
| Current Price | ₦1.1054 |
| Distribution | Semi Annual |
| Distribution Paid | ₦ 0.0440 |
| 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

December 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 ASI closed the year with a 37.65% YTD return although an 8.25% decline from last year's return of 45.90%. Market activities in December increased as a result of the yearly "Santa Rally". On a month-to-date basis the ASI closed the month with a 5.56% return compared to a -15 bps MTD return in November.

The oil and gas sector closed the month with a return of 13.89%. For the upstream tickers, demand increased in SEPLAT leading to a MTD return of 7.55%. ARADEL also closed the month on a positive note with a MTD return of 15.67%. For the downstream tickers, CONOIL saw consistent gains in December closing the month with a 40.29% return. Similar sentiment was seen in MRS as the stock closed with a MTD return of 65.00%.

The banking index closed the month with a return of 5.99% compared to a previous MTD return of 3.39% showing continuous positive sentiment around the sector. UBA gained traction as its right issue offer came to a close ending the month with a return of 3.98%. On a general note, banking tickers closed the month with positive returns as seen in FIDELITYBK (+14.38%), GTCO (+7.65%), ACCESSCORP (+2.80%), ZENITHBANK (+2.25%) and FCMB (+2.17%).

Other stocks that saw some gains due to corporate action events and general market sentiment include WAPCO (+20.60%), MTNN (+17.65%), UNILEVER (+23.64%) and UACN (+38.55%).

Outlook

In January, we expect full year 2024 results, dividend announcements and other corporate announcements to be major catalysts driving sentiment across tickers. As such, we expect the local bourse to experience mixed sentiments with slight buying activities on select tickers.

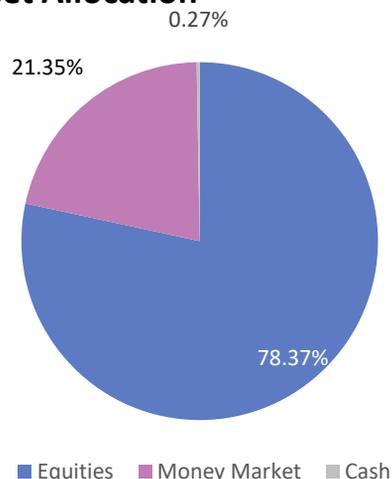
Contact Details

5 Okotie Eboh Street, Off Awolowo Road, Ikoyi, Lagos, Nigeria.
Email: mutualfunds@cardinalstone.com
Website: Cardinalstoneassetmanagement.com/mutual-funds/

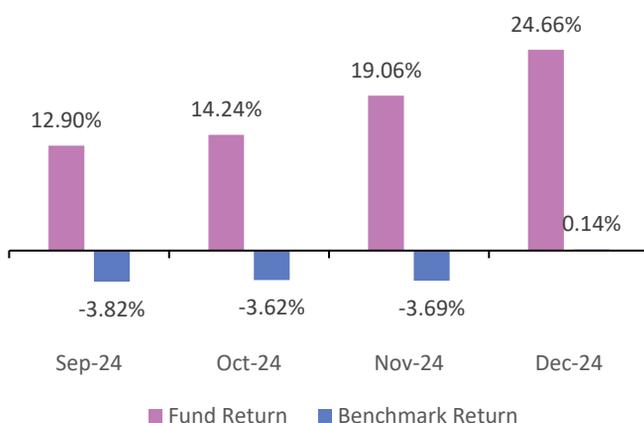
Fund Facts

| | |
|-------------------------|----------------------|
| Launch Date | February 1, 2024 |
| Fund Type | Open-Ended |
| Asset Class | Equity |
| Risk Profile | High |
| Benchmark | NGX-30 |
| Currency | Nigeria Naira (₦) |
| Fund Size | ₦ 972mn |
| Offer Price | ₦ 1.0000 |
| Current Bid/Offer Price | ₦ 1.2388/1.2544 |
| 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 MONEY MARKET FUND FACTSHEET

December 2024

About Fund

The CardinalStone Money Market 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 income stream, liquidity and capital preservation by investing in a diversified portfolio of high-quality short-term money market instruments which include Sovereign Treasury Bills, Fixed deposits, Commercial papers, and other money market instruments approved by the SEC.

Money Market Review

The money market witnessed fluctuations in liquidity, influenced by the CBN's monetary tightening measures. Yields on money market instruments, such as Treasury Bills mirrored the sustained liquidity strain, with rates remaining elevated.

System liquidity averaged negative NGN268.78bn in December 2024 (November: NGN249.42bn), despite inflows from FAAC disbursements, CRR refunds, and matured Treasury bill instruments. For context, OMO instrument sale by the CBN saw over NGN2.83trn mopped up from system liquidity considering the attractive yield across offered tenors above 31.00%. This persistent liquidity dearth supported the overarching bearish tone in the fixed income markets, with investors largely on the sidelines with a bearish bias.

The treasury bill market saw three auctions in the month of December, with the 91 and 182-day maturities staying stable at 18.00% and 18.50% respectively (November: 18.00% and 18.50%). However, the one-year maturity shed 60bps m-o-m to close at 22.90% at the last auction of the year (November: 23.50%).

Outlook

Despite NGN1.50trn liquidity inflow expected in January 2025 from maturing Treasury bills (NGN311bn), Bonds (NGN528bn), OMO bills (NGN850bn) and other system credits including FAAC inflows amongst others, we expect the CBN to mop up these liquidity in a bid to manage inflationary pressure. We, thus, expect increased market participation across money market instruments from investors.

Contact Details

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

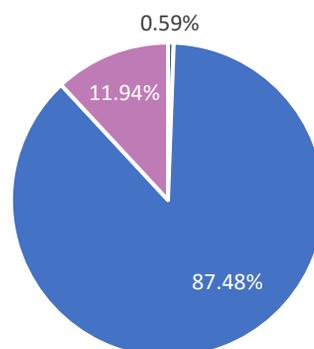
Email: mutualfunds@cardinalstone.com

Website: Cardinalstoneassetmanagement.com/mutual-funds/

Fund Facts

| | |
|-------------------------|---|
| Launch Date | October 07, 2024 |
| Fund Type | Open-Ended |
| Asset Class | Fixed Income |
| Risk Profile | Low |
| Benchmark | 90-day average T-bill auction stop rate |
| Currency | Nigeria Naira (₦) |
| Fund Size | ₦1.90bn |
| Offer Price | ₦1.0000 |
| Current Price | ₦1.0000 |
| Distribution | Quarterly |
| Distribution Paid | ₦ 0.00 |
| Minimum Holding Period | 30 Days |
| Minimum Investment | ₦ 100,000.00 |
| Management Fee | 1% |
| Early Redemption Charge | 20% on earned income |

Fund Asset Allocation



■ Cash & Call Deposits ■ Treasury Bills ■ Other money market instruments

Fund Performance



■ Yield ■ Benchmark

CARDINALSTONE DOLLAR FUND FACTSHEET

December 2024

About Fund

The CardinalStone Dollar Fund is an actively managed open-ended collective investment unit trust scheme that invests in authorized investment instruments.

Fund Objective

The Fund primarily seeks to provide a steady stream of income and diversification benefits by investing in investment-grade Nigerian sovereign and corporate Eurobonds, as well as USD-denominated money market instruments.

Market Review

December was a significant month for global markets, with key events shaping investor sentiment. The month began with anticipation of the OPEC meeting, the Federal Open Market Committee (FOMC) rate decision, and speculation about Nigeria's return to the Eurobond market. Early momentum, particularly in Angola and Nigeria, was driven by expectations that OPEC would delay planned increases in oil output. This was confirmed when OPEC extended its supply cuts for an additional three months, into the first quarter of 2025, to support weak crude oil prices. This decision stabilized oil prices within the \$73–\$75 per barrel range, providing relief for oil-dependent economies and boosting market confidence.

A major highlight of December was Nigeria's return to the Eurobond market. The country issued two bonds with maturities of 6.5 and 10 years, drawing overwhelming investor interest. The \$1.7 billion offer attracted \$9 billion in demand, leading the government to allocate \$2.2 billion. The bonds, issued at competitive yields of 9.625% and 10.375%, underscored strong investor confidence in Nigeria's creditworthiness and the appeal of emerging market debt and growing appetite for high-yield instruments.

In the United States, the November non-farm payroll report showed job growth of 227,000, slightly exceeding expectations of 220,000. However, the unemployment rate edged up to 4.2% from the previous month's 4.1%. These mixed signals, alongside broader economic trends, led the Federal Reserve to cut the federal funds target rate by 25 basis points to 4.25%–4.50%.

As the holiday season approached, market activity slowed, with investors shifting focus to year-end liquidity management. The Eurobond market saw limited movement after Nigeria's issuance, as many investors held their positions. Profit-taking became more prominent, with sell-offs dominating the latter half of December as investors locked in gains from earlier in the year.

By December-end, average yields on Nigeria's sovereign bonds fell by 3bps to 9.45% (from 9.48% in November), while corporate bond yields dropped 15bps to 8.23% (from 8.38% in November), with major investors interest in the newly issued sovereign bond.

Outlook

Investors are likely to adopt a cautious and watchful stance as Donald Trump's inauguration approaches, closely monitoring the implementation of his policies. In the months ahead, an increase in Eurobond issuances is expected, particularly from countries that missed the opportunity to access the market in 2024.

Contact Details

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

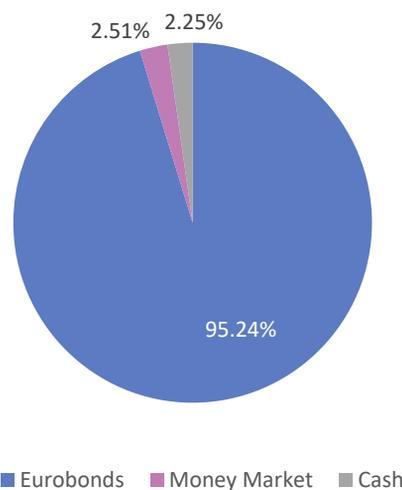
Email: mutualfunds@cardinalstone.com

Website: 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 | \$ 3.2mn |
| Offer Price | \$ 1.0000 |
| Current Price | \$ 1.0751 |
| 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

