

CARDINALSTONE FIXED INCOME ALPHA FUND FACTSHEET

March 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

The Fixed Income market was largely bearish this month, as yields plateaued in both the primary and secondary markets. Notably, we saw another hike in the policy rate, this time 200bps; as well as an adjustment in the asymmetric policy corridor around the MPR to +100/-300 bps at the second Monetary Policy Committee Meeting chaired by the new CBN Governor, Olayemi Cardoso on the 25th and 26th of March (next meeting: 20th and 21st of May).

Money market rates moved in line with system liquidity over the course of the month, with rates however closing flat at c. 28% at month close, thanks to OMO, NTB and bond auctions.

The Nigerian Treasury Bill space saw sustained interest this month, with the rates on the 1-year paper rising from the previously seen 19% rate to 21.49%, representing a 249bps increase. These elevated rates saw subscription levels skyrocket, with rates in the secondary market dipping in the face of sustained demand.

Sentiments in the bond market opened bearish but skewed towards bullishness by month close. In March, we saw the DMO raise 608.6bn, issuing the MAR 27 and reopening FEB 31 and FEB 34 at 19.94%, 20.00% and 20.45% respectively. This level of demand comes off the back of a recent FGN bond maturity and coupon payments.

Outlook

Yields are expected to stay stable even in the wake of the second Monetary Policy Rate hike. We expect liquidity levels to propel the markets in April.

Contact Details

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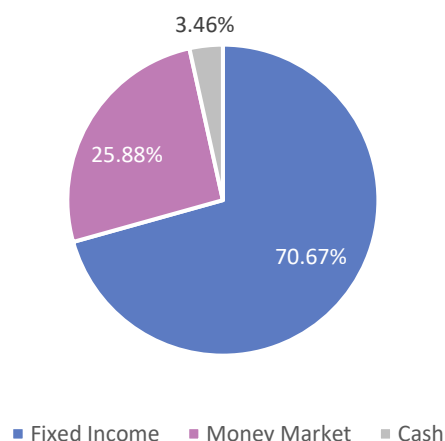
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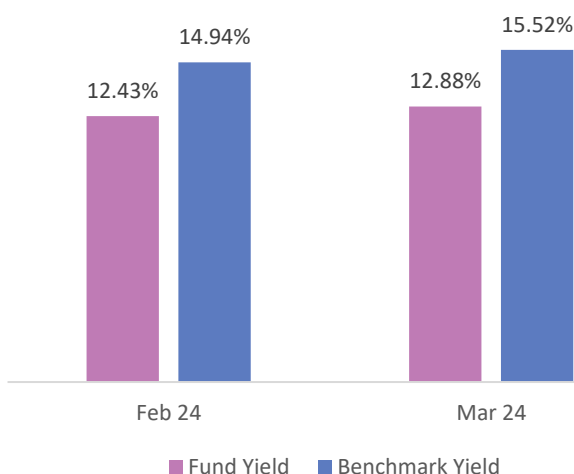
Fund Facts

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	₦ 1.65bn
Offer Price	₦ 1.0000
Current Price	₦1.0402
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

March 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.

Equities Market Review

In February, the NGX-30 experienced a notable decline of approximately 0.92%. However, March saw a turnaround with a month-on-month growth of 2.89%. This positive shift was predominantly driven by robust rallies in Transcorp Power Plc and in Tier-1 banking names, as investors displayed heightened confidence in these banking entities, anticipating strong full-year results and potential dividend declarations, and as fund managers engaged in portfolio rebalancing activities towards the end of the quarter.

Post the Monetary Policy Committee meeting convened from March 25-26, weak sentiments resurfaced, triggering mild sell-offs following the announcement of a 200 basis points hike in the Monetary Policy Rate (MPR) to 24.75%. However, this selloff was short-lived following the release of stellar full year results by ACCESSCORP. Interestingly, the impact of the rate hike was not reflected in the NTB auction results, as the stop rates for the 91-day, 182-day and 364-day bills remained unchanged from the previous auction at 16.24%, 17.00% and 21.12%, respectively.

Outlook

The equities market is expected to be dominated by renewed bullish sentiments as investors, both domestic and foreign, continue to position in banking names ahead of dividend announcements and robust FY:2023 corporate earnings releases. However, sustained increases in the NTB stop rates and the recent CBN's directive on banks recapitalization exercise present a downside risk, though potential for capital appreciation exists in fundamentally strong stocks..

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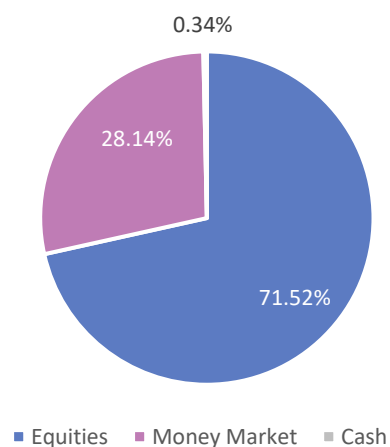
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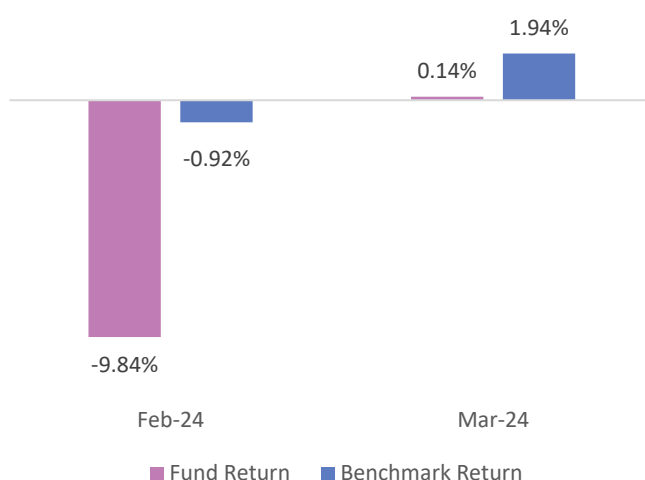
Fund Facts

Launch Date	February 1, 2024
Fund Type	Open-Ended
Asset Class	Equity
Risk Profile	High
Benchmark	NGX-30
Currency	Nigeria Naira (₦)
Fund Size	₦ 682mn
Offer Price	₦ 1.0000
Current Bid/Offer Price	₦ 0.9958/1.0051
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

March 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

The African hard currency bond market rebounded from early losses despite expectations of prolonged high interest rates due to robust inflation and a strong labour market, thanks to positive investor sentiment towards bonds from key African countries like Egypt, Nigeria and Ghana. The Africa Bond witnessed c. 3% growth in March.

Addressing FX backlogs coupled with elevated fixed income rates, has fostered an attractive environment for carry-trade activities, resulting in significant foreign portfolio investment (FPI) flows totaling approximately \$2.3 billion since the beginning of the year.

The Nigerian Eurobond market experienced significant volatility in the quarter due to various global factors such as conflicts, policy reforms by the new administration, China's growth concerns, and debt distress in Sub-Saharan Africa. Market sentiment improved later in the quarter, supported by the Federal Reserve's decision to pause rate hikes and growing expectations of rate cuts in 2024. Nigerian sovereign and corporate Eurobond prices increased by an average of 2% and 1% respectively during the quarter.

Outlook

For the Nigerian Eurobond space, we expect the positive sentiments to be sustained. Nigeria's debt conditions continue to be more favorable compared to the other SSA countries, making our bonds part of the highly preferred bonds. Further progress regarding FX issues will boost positive sentiments and attract offshore money.

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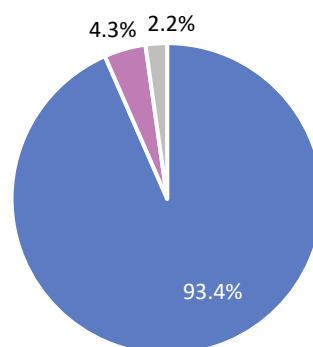
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Fund Facts

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	\$ 1.39mn
Offer Price	\$ 1.0000
Current Price	\$ 1.0058
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



■ Eurobonds ■ Money Market ■ Cash

Fund Performance

