

# CARDINALSTONE FIXED INCOME ALPHA FUND FACTSHEET

October 2023

## 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

Hello 17%!!! Activities in the fixed income space was largely muted and bearish earlier in the month as investors waited on the sidelines for clarity and policy direction. System liquid remained robust, and yields were pressured to the downside, safe for bond yields which saw marginal increases.

The fortunes however turned towards the end of the month as the CBN doubled down on its commitment to stabilize the Naira. Several policy changes were introduced among which were:

- Removal of the volume cap at the Standing Deposit Facility (SDF) effectively allowing banks to place as much money as they want with the CBN, at the same time setting a floor of 15.75% for money market rates
- Resumption of OMO bill issuances with stop rates on the 1 year at above 17%

Consequently, money market rates jumped from 3% to 15% levels. NTB stop rates which had closed lower at the first auction in the month (1 Year bill @ 9.25%) jumped by an average of 332bps with the 1 year closing at 13% up 375bps.

The DMO issued bonds across four tenors earlier in the month. Stop rates rose marginally 29s (14.90%) up 40bps, 33s (15.75%) up 30bps, 38s (15.80%) up 25bps and 53s (16.60%) up 35bps. Secondary market yields however increased further in response to the policy changes with the long end hovering around 17%

## Outlook

See you soon 18% or 19%?? The CBN is expected to continue its path to stabilize the naira, and this should bode well for yields. Higher inflation adds another layer of pressure to the upside. Fingers crossed 🙏

## Contact Details

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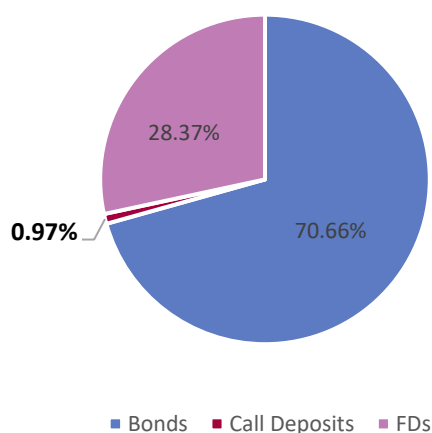
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## Fund Facts

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	₦ 1.46 bn
Offer Price	₦ 1.0000
Current Price	₦ 1.0367
Distribution	Semi Annual
Distribution Paid	₦ 0.0770
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

