

## Global Economic Review

### Sluggish Growth Amid Prolonged Challenges

The global economy witnessed sluggish growth in Q3-2023 due to the impact contractionary monetary policies had on economic activities in various countries and the cumulative effects of the on-going Russia-Ukraine war. Although most countries maintained positive economic growth in Q3-2023, the GDP growths are still below pre-pandemic levels. On a year-on-year basis, the economies of the United States, United Kingdom, China and Nigeria moved to 3.0%, 0.6%, 4.9% and 2.54% in Q3-2023, from 2.4%, 0.6%, 6.3% and 2.51% respectively in Q2-2023, as high inflation and the extension of contractionary monetary policies weighed on aggregate economic output.

### Extension of Tight Monetary Policy in Q4-2023

- Despite the persistent fall in inflation rate, the US Fed Reserve held fed funds rate at 5.50% in Q4-2023 (Q3-2023: 5.50%)
- The Bank of England (BOE) also held policy rate at 5.25% in Q4-2023 (Q3-2023: 5.25%), in a bid to keep fighting high inflation.

### Crude Oil Prices Recedes on Weak Demand

- Despite the extension of voluntary oil supply cut by OPEC+ and the ongoing Israel-Hamas war, the quarterly average price of Brent crude oil and WTI fell by 3.5% and 4.5% to \$82.87 and \$78.55 per barrel respectively in Q4-2023, on a quarter-on-quarter basis, mainly due to concerns around economic growth and weak demand in China.

### Inflation Slows Down in Advanced Economies in Q4-2023

The adoption of a contractionary monetary policy by some countries continued to yield positive results as inflation slowed down in Advanced Economies and Emerging Markets in Q4-2023, though still above their respective inflation targets. For instance, inflation in the United States and United Kingdom fell significantly by 60bps and 280bps to 3.1% and 3.9% respectively in Q4-2023. Also, inflation slowed down in China, Brazil, India, Ghana, and Egypt in Q4-2023, though still above the pre-pandemic level and the target of their respective Apex banks. Meanwhile, inflation rose further in Argentina, Nigeria, and South Africa due to high food prices, weak local currencies, and high input costs.

## Domestic Economic Review

### Nigeria maintains Positive GDP Growth in Q3-2023

- Notwithstanding the economic headwinds, the real Gross Domestic Product (GDP) of Nigeria improved by 2.54% (year-on-year) in Q3-2023, mainly driven by the resilient growth in the non-oil sector. The GDP growth in Q3-2023 is higher than the growth of 2.51% recorded in Q2-2023. The non-oil sector grew by 2.8% in Q3-2023, mainly driven by strong growth in Information and Communication, Financial Institutions, Trade, Agriculture, Manufacturing, Construction, and Real Estate sector. Although the Oil sector remained in recession in Q3-2023, the sector improved significantly to -0.9% (from -13.4% recorded in Q2-2023), mainly driven by improvement in oil production, which increased by 20.8% to 1.45 million barrel per day in Q3-2023.

### Nigeria's Inflation Rises Further in Q4-2023

- The cumulative effect of PMS subsidy removal, insecurity in food producing states, and depreciation of the Naira continued to have impacts on the prices, as Nigeria's inflation increased persistently to 27.33% and 28.20% in October and November respectively (September 2023: 26.72%). Food inflation rose to 32.84% in November 2023 (September 2023: 30.64%), driven by PMS subsidy removal and insecurity in food producing States. Also, the core inflation rose to 22.38% in November 2023 (Sept 2023: 21.84%), mainly driven by the depreciation of the naira.

### Monetary Policy Rate (MPR) remains at 18.75% in Q4-2023

- The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) postponed the November meeting. Consequently, the Monetary Policy Rate (MPR) remained unchanged at 18.75% in Q4-2023. In addition, other policy parameters remained unchanged during the period: Cash Reserve Ratio (CRR) - 32.5%; Liquidity Ratio - 30.0%; asymmetric corridor - +100/-300bps around the MPR.

### Naira Depreciates Further as External Reserves Falls

- On a quarter-on-quarter basis, the naira depreciated further against the greenback by 20.10% and 20.04% at the official NAFEM and parallel market to close at ₦907.11 (Q3-2023: ₦755.27) and ₦1,210.00 (Q3-2023: ₦1008.00) respectively in Q4-2023 as Nigeria continued to face dollar supply shortages. Meanwhile, Nigeria's foreign exchange reserves declined by 0.99% to close at \$32.91 billion in Q4-2023 (Q3-2023: \$33.24 billion), due to weak foreign exchange earnings.

### Head Office

171, Moshood Olugbani Street, Off Ligali Ayorinde, Victoria Island, Lagos.

Tel: 08139855000, 08139855001

## Q1 2024 Outlook

### Global Economy

- We expect Global economic growth to remain sluggish in Q1- 2024 due to the persistent challenges in most countries. For instance, the announcement by several OPEC+ countries on additional voluntary cuts (to the total of 2.2 million barrels per day) may lead to high energy prices and lower economic output in Q1-2024. In addition, depressed consumption in China and continuation of the ongoing Israel-Hamas war may slow down global economic productivity in Q1-2024.
- We anticipate that global inflation will trend downward in Q1-2024 due to the assumption of tight monetary policy extension in most countries. Nevertheless, we expect global inflation to be above the target of most countries and higher than the pre-pandemic levels of 3.5% in Q1-2024, mainly due to the assumption of higher crude oil prices, high food prices and weak local currencies in Developing Economies.
- We maintain that policy rates will remain relatively high, as most apex banks continue to fight high inflation. Nevertheless, they will be tasked with striking the balance between maintaining optimal interest rates and tipping the economy into economic recession in 2024.
- We expect a slowdown in global oil production as several OPEC+ countries have agreed to voluntarily cut oil production by a total of 2.2 million barrels per day in the first quarter of 2024. Saudi Arabia agreed to a voluntary production cut of 1 million barrels per day of crude oil, followed by Russia (500,000 mbpd), Iraq (223,000 mbpd), the United Emirates (163,000), Kuwait (135,000), Kazakhstan (82,000), Algeria (51,000) and Oman (42,000). Consequently, we expect a slight increase in the prices of crude oil in the commodity market in Q1-2024.

### Domestic Economy

- Nigeria to experience sluggish GDP growth in Q4-2023 and Q1-2024, as we expect the PMS subsidy removal, weak local currency, and high input costs to continue to weigh on aggregate economic output. Nevertheless, we expect the nation's oil sector to be out of recession in Q1-2024, mainly due to the anticipation of higher crude oil prices in Q1-2024 and higher oil production due to the effort government has put into reforming this sector.
- We maintain that inflation will remain high in Q1-2024 due to the cumulative effect of PMS subsidy removal, weak local currency, high diesel prices, possible electricity tariff hike, and lingering security challenges in key food producing areas, among others.
- We project that the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) will retain a contractionary monetary policy in Q1-2024, in a bid to keep fighting high inflation, mop up excess liquidity and attract foreign portfolio investors into the country.
- We project that Nigeria's naira will continue to struggle against the US dollar and other major currencies in the foreign exchange market in Q1-2024, due to the weak foreign exchange earnings and high demand for foreign goods and services.

### Head Office

# MONEY MARKET FUND



Guaranty Trust Fund Managers Ltd  
RC 60008

## Fund Overview

The Money Market Fund is an open-ended Fund authorized and registered by the Securities and Exchange Commission on November 28, 1990. Its diversified portfolio consists of quality money market instruments including short-term government securities, commercial papers and bank placements.

The Fund is most suitable for Investors with a short-term investment horizon and offers an alternative to short-term deposits and savings accounts with the added benefit of enjoying decent returns from the professional management of the Fund's assets.

## Fund Manager's Remark

The Fund asset size closed at N20.4Billion in the quarter under review, the net return for the Fund increased by 87bps to close at 13.51% at the end of Q4'2023 from 12.64% at the end of Q3'2023.

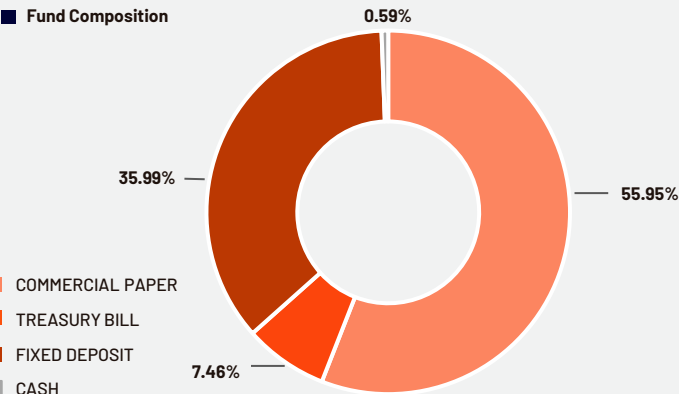
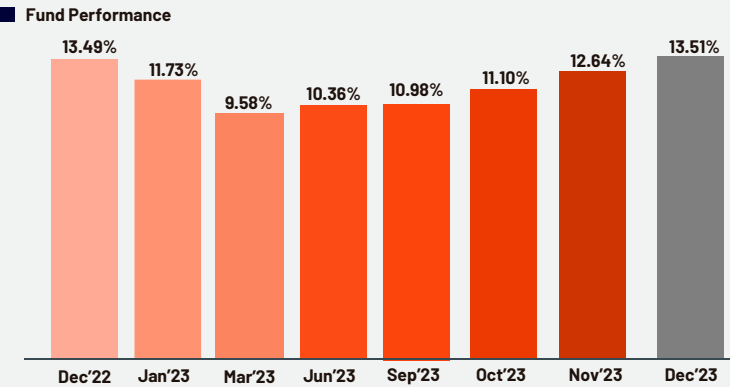
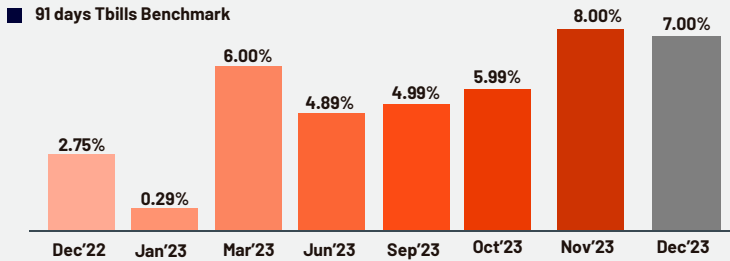
We witnessed yields trend upward during the quarter as the government made a conscious effort to mop up liquidity which resulted in stop rates inching higher across standard tenors. Multiple Primary Market Auctions witnessed across the quarter, where total maturities stood at N851Billion (Q3: N1.4Trillion), and allotment closed at N2.6Trillion (Q3: N1.4Trillion). Average stop rates increased by 170bps, 360bps and 264bps across the 91-, 182- and 364-day maturity, respectively.

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) postponed the November meeting. Consequently, the Monetary Policy Rate (MPR) remained unchanged at 18.75% in Q4-2023, other policy parameters remained unchanged during the period.

## Q1'24 Outlook

We expect yields to remain high in the money market Q1-2024, mainly due to the expectation of high inflation and a tight monetary policy play. In addition, we may witness more OMO auctions in Q1-2024 due to the decision of the Central Bank of Nigeria to mop up excess liquidity and attract foreign portfolio investors into the country.

## Fund Composition and Performance



## Fund Features

Launch Date	1990
Net Assets	₦20.35 billion
Domiciliary	Nigeria
Currency	NG Naira
Objective	Interest Income Guaranteed Principal
Financial Year End	December
Minimum Initial Investment	₦1,000
Fund Rating	A+(f)
Rating Agency	Agusto & Co.
Management Fee	1% of Net Asset Value (NAV)
Incentive Fee	15% of Excess Return above 10%
Risk Tolerance	Low
Permissible Asset Class	Bank Placement (15% - 75%) Short Term Govt. Instr. (25% - 85%) Others* (0% - 60%)
Composite Benchmark	91D Treasury Bill
Fund Price (29-Dec-23)	Bid/Offer: N100/N100
Custodian	Citibank Nigeria Ltd
Trustee	United Capital Trustees Limited

\*Other refers to money market investments such as commercial papers, banker's acceptances, certificates of deposits, collateralized repurchase agreements

## Who Should Invest?

- Individuals in Nigeria (including Children) and the diaspora
- Pension Fund Administrators
- Insurance firms
- Endowment Funds
- Religious Organizations
- Cooperatives, Trusts and Wealth Managers

### Head Office

171, Moshood Olugbani Street,

Off Ligali Ayorinde, Victoria Island, Lagos. Tel: 08139855000, 08139855001

## Fund Overview

The Fixed Income Fund was launched on June 13, 2007 and is licensed by the Securities and Exchange Commission (SEC). The fund is designed to provide a pre-stated return on investment. It is a principal-guaranteed Fund and delivers a return equivalent to the Standing Deposit Facility rate (SDF).

This fund seeks to achieve its objective by investing a minimum of 70% in Fixed Income instruments, maximum of 30% in money market instruments and up to 10% in fundamentally sound stock of blue-chip organizations.

## Fund Manager's Remark

The Fund's Asset under Management (AuM) closed at ₦11.17Billion at the end of Q4'2023.

During the period, The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) postponed the November meeting. Consequently, the Monetary Policy Rate (MPR) remained unchanged at 18.75% in Q4-2023. In addition, other policy parameters remained unchanged during the period: Cash Reserve Ratio (CRR) - 32.5%; Liquidity Ratio - 30.0%; asymmetric corridor - +100/-300bps around the MPR.

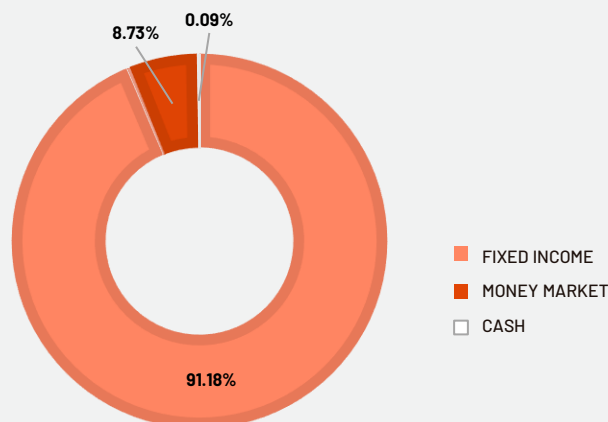
## Q1'24 Outlook

We believe that yields in the bonds and treasury bills market will remain high in Q1-2024, mainly due to the expectation of high inflation and tight monetary policy during the period. Although we estimate that the nominal interest rates will remain high as the Federal Government of Nigeria is expected to finance 2024 budget deficit of ₦9.18 trillion with local borrowing, we expect the real interest rate to remain negative in Q1-2024 due to the expectation of higher inflation.

## Fund Composition and Performance

DATE	GUARANTEED RETURN (P.A.)	ADDITIONAL YIELD (PAID AT FYE)
Jan - Jun, 2021	4.50%	N/A
Jul - Dec, 2021	4.50%	N/A
Jan - Mar 2022	4.50%	N/A
April - June 2022	4.50%	N/A
Jul - Sep 2022	6.00%	N/A
Oct- Dec 2022	6.00%	N/A
Jan- Mar 2023	6.00%	N/A
Apr-Jun 2023	6.00%	N/A
Jul-Sep 2023	6.00%	N/A
Oct-Dec 2023	6.00%	N/A

### Fund Composition



## Fund Features

Launch Date	2007
Net Assets	₦11.17Billion
Domiciliary	Nigeria
Currency	NG Naira
Objective	Interest Income Capital Appreciation
Financial Year End	December
Minimum Initial Investment	50,000 Units
Income Distribution	Bi-Annual
Guaranteed Return	6.00% p.a.
Management Fee	50% of Excess Return above SDF
Revenue Reserve	50% of Excess Return above SDF
Risk Tolerance	Moderate
Permissible Asset Class	Fixed Income (70% - 100%) Equities (0% - 10%) Money Market (0%-30%)
Composite Benchmark	Standing Deposit Facility (SDF)
Fund Price (29-Dec-23)	₦1.00
Custodian	Citibank Nigeria Ltd
Trustee	FBN Quest Trustees Limited

## Who Should Invest?

- Individuals in Nigeria (including Children) and the diaspora
- Pension Fund Administrators
- Insurance firms
- Endowment Funds
- Religious Organizations
- Cooperatives, Trusts and Wealth Managers

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# EQUITY INCOME FUND



Guaranty Trust Fund Managers Ltd  
RC 60008

## Fund Overview

The Equity Income Fund is a registered open-ended Unit Trust Scheme that was launched in 2018 and is licensed by the Securities and Exchange Commission (SEC).

Its objective is to provide regular income and long-term capital appreciation from investments in dividend knights and high-quality equity instruments quoted on the NGX, where the issuers have an investment grade rating from a credit rating agency registered by SEC.

## Fund Manager's Remark

The asset size for the period under review increased by 10.12% to N585.90 million from N532.05 million recorded in the Q3' 2023. The Fund has invested 75.61% in equities, 22.28% in money market instruments while 2.11% remained as cash.

The Nigerian equities market continued its positive performance returning 45.9% Year to Date (YTD) in December 2023. The pro-market policies of the new government continued to yield positive results as the NGX All-Share Index and Market Capitalization appreciated to close at 74,773.8 and ₦40.92 Trillion respectively.

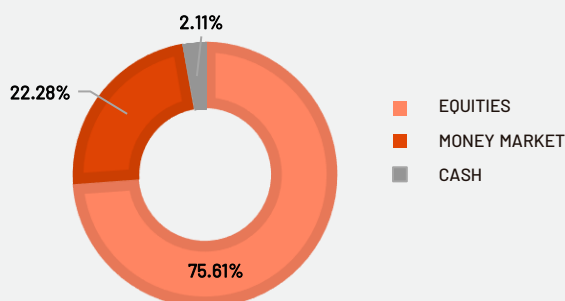
## Q1'24 Outlook

We project that bullish sentiments will extend to Q1-2024, as we expect the market friendly policies of the government and expectation of final dividend payments to keep boosting the confidence of investors. However, we may witness profit-taking from a few low-cap stocks in Q1-2024, especially from the stocks that have weak fundamentals and poor historical dividend payments.

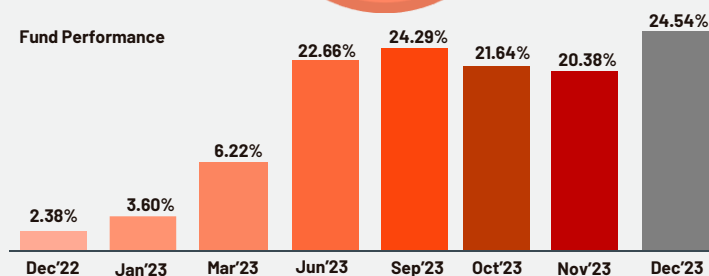
## Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	35.30%
FMCG	28.83%
I.C.T	15.62%
Agriculture	14.42%
Oil & Gas	3.02%
Industrial	2.82%

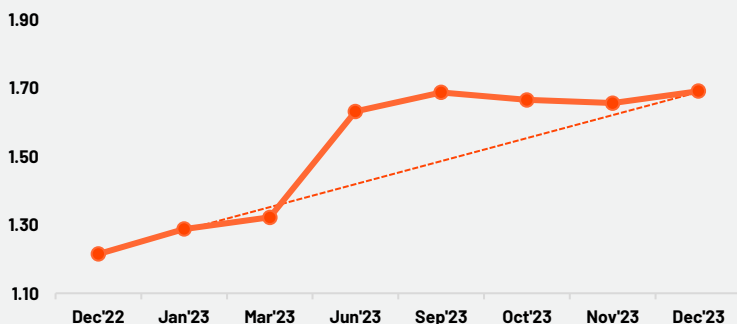
### Fund Composition



### Fund Performance



### EIF HISTORICAL UNIT PRICE



## Fund Features

Launch Date	2018
Net Assets	N585.90 million
Domiciliary	Nigeria
Currency	NG Naira
Objective	Dividend Income Growth Stock
Financial Year End	December
Minimum Initial Investment	N5,000
Subsequent	Multiples of N1,000
Management Fee	1.5% of Net Asset Value (NAV)
Risk Tolerance	High
Permissible Asset Class	Fixed Income (5% - 30%) Equities (70% - 95%) Cash (0% - 5%)
Composite Benchmark	Equities (ASI) - 70% Fixed Income - 30%
Fund Price (29-Dec-23)	Bid: 1.6629 Offer: 1.7147
Custodian	Citibank Nigeria Ltd
Trustee	FBN Quest Trustees Limited

## Who Should Invest?

- Individuals in Nigeria (including Children) and the diaspora
- Insurance firms
- Endowment Funds
- Religious Organizations
- Cooperatives, Trusts and Wealth Managers

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171, Moshood Olugbani Street, Off  
Ligali Ayorinde, Victoria Island, Lagos. Tel: 08139855000, 08139855001

# BALANCED FUND



Guaranty Trust Fund Managers Ltd  
RC 00008

## Fund Overview

The Guaranty Trust Balanced Fund was launched in 2002 and is a fund licensed by the Securities and Exchange Commission (SEC). It is focused on long term capital appreciation, which is achieved by maintaining a flexible diversified portfolio of equities, fixed income securities and money market instruments.

Funds are deployed into quality equity instruments quoted on The NGX, while the bond issuers have an investment grade rating from a credit rating agency registered by SEC.

## Fund Manager's Remark

The Nigerian equities market continued its positive performance returning 45.9% Year to Date (YTD) in December 2023. The pro-market policies of the new government continued to yield positive results as the NGX All-Share Index and Market Capitalization appreciated to close at 74,773.8 and N40.92 Trillion respectively. The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) postponed the November meeting. Consequently, the Monetary Policy Rate (MPR) remained unchanged at 18.75% in Q4-2023.

At the end of the period under review, the fund's Asset under Management (AuM) grew marginally by 4.71% to N2.78 Billion from N2.65 Billion in Q3' 2023.

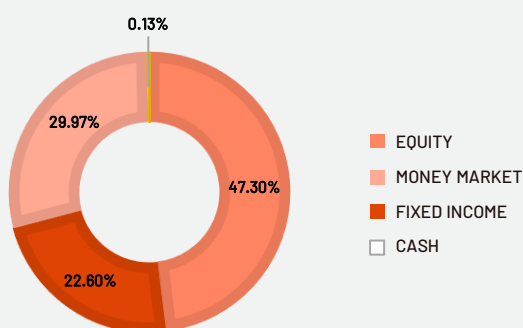
## Q1'24 Outlook

The Balanced Fund is projected to maintain positive performance in Q1-2024, mainly due to the anticipation of relatively high yields in the bonds and treasury bills market. In addition, the expectation of bullish sentiments in the Nigerian equities market will drive the performance of the Balanced Fund in Q1-2024.

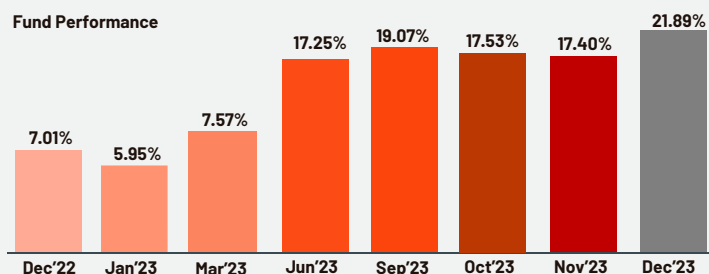
## Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	44.46%
FMCG	21.85%
I.C.T	23.62%
Agriculture	6.45%
Industrial	3.43%

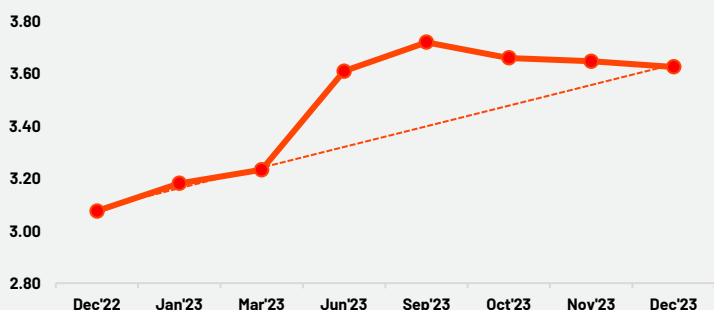
### Fund Composition



### Fund Performance



### BF HISTORICAL UNIT PRICE



## Fund Features

Launch Date	2002
Net Assets	₦2.78 billion
Domiciliary	Nigeria
Currency	NG Naira
Objective	Interest Income Capital Appreciation
Financial Year End	December
Minimum Initial Investment	N10,000
Subsequent	Multiples of ₦1,000
Management Fee	2.0% of Net Asset Value (NAV)
Incentive Fee	15% of Excess Return above 10%
Risk Tolerance	Moderate
Permissible Asset Class	Fixed Income (20% - 60%) Equity (40% - 60%) Money Market (0% - 40%) Cash (0% - 5%)
Composite Benchmark	Equities (ASI) - 50% Fixed Income - 50%
Fund Price (29-Dec-23)	Bid: 3.5868 Offer: 3.6570
Custodian	Citibank Nigeria Ltd
Trustee	FBN Quest Trustees Limited

## Who Should Invest?

- Individuals in Nigeria (including Children) and the diaspora
- Insurance firms
- Endowment Funds
- Religious Organizations
- Cooperatives, Trusts and Wealth Managers

### Head Office

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## Fund Overview

The Dollar Fund is a SEC registered open-ended Unit Trust Scheme that was launched in 2018.

The Fund seeks to provide investors with a bias for Dollar denominated investments access to such securities, which ordinarily would be inaccessible to them by virtue of the minimum amount typically required to make such investments.

Funds are primarily deployed in Corporate and Sovereign Eurobonds of entities listed in Nigeria and money market instruments of highly rated financial institutions.

## Fund Manager's Remark

Despite the extension of voluntary oil supply cut by OPEC+ and the ongoing Israel-Hamas war, quarterly average price of Brent crude oil and WTI fell by 3.5% and 4.5% to \$82.87 and \$78.55 per barrel respectively in Q4-2023, on a quarter-on-quarter basis, mainly due to concerns around economic growth and weak demand in China. The naira depreciated further against the greenback by 20.10% and 20.04% at the official NAFEM and parallel market closing the year at N907.11 and N1,210.00 respectively as Nigeria continued to face dollar supply shortages. Meanwhile, Nigeria's foreign exchange reserves declined by 0.99% to close at \$32.91 billion in Q4-2023 (Q3-2023: \$33.24 billion), due to weak foreign exchange earnings.

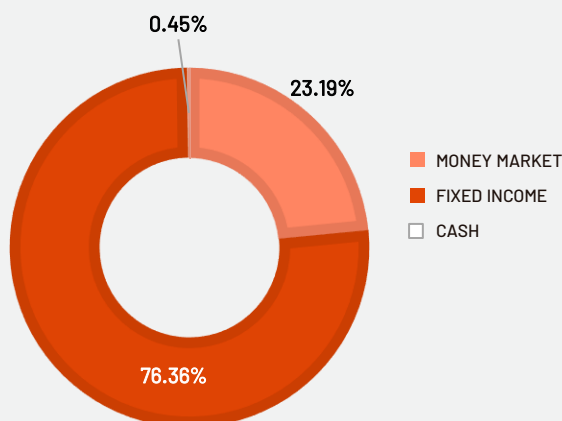
At the end of the period under review, the fund's Asset under Management (AuM) increased by 18.57% to close at \$28.08 million from \$23.64 million in Q3'2023, while return on this fund closed at 7.15% at the end of Q4' 2023.

## Q1'24 Outlook

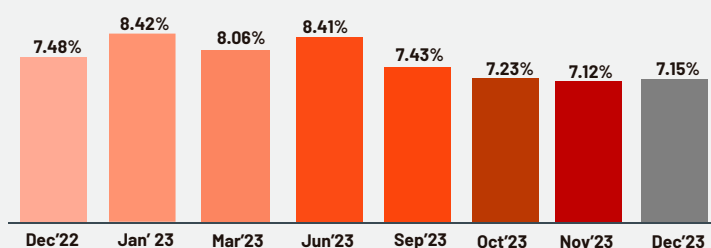
Despite the recent upgrade of Nigeria's outlook from stable to positive by Moody's, we expect the average yield of Nigeria's Eurobonds to remain high in Q1-2024 mainly due to the persistent fall in country's external reserves. Consequently, we expect the Dollar Fund to maintain improved performance in the first quarter of 2024.

## Fund Composition and Performance

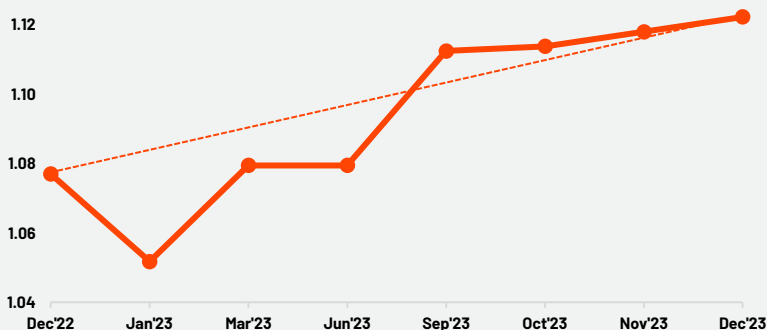
### Fund Composition



### Fund Performance



### Dollar Fund Historical Unit Price



## Fund Features

<b>Launch Date</b>	2018
<b>Net Assets</b>	\$28.08 million
<b>Domiciliary</b>	Nigeria
<b>Currency</b>	US Dollars
<b>Objective</b>	Interest Income Capital Appreciation
<b>Financial Year End</b>	December
<b>Minimum Initial Investment</b>	\$1,000
<b>Management Fee</b>	1.5% of NAV
<b>Incentive Fee</b>	20% of Excess Return above 10%
<b>Risk Tolerance</b>	Moderate
<b>Permissible Asset Class</b>	Eurobonds (70% - 100%) Money Market (0% - 30%)
<b>Asset Class Rating</b>	Eurobond - A (S&P) Money Market - BBB (Fitch)
<b>Fund Price (29-Dec-23)</b>	Bid: 1.1221 Offer: 1.1221
<b>Custodian</b>	Citibank Nigeria Ltd
<b>Trustee</b>	FBN Quest Trustees Limited

## Who Should Invest?

- Individuals in Nigeria such as employees & SM Entrepreneurs
- Institutional investors
- Contributory schemes
- Funds and Trusts
- Insurance companies
- Government parastatals, etc.

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