

## Global Economic Review

### Slow and Steady Growth in Challenging Environments

The global economy has been surprisingly resilient in the first quarter of 2024, despite the adoption of contractionary monetary policies by most central banks to restore price stability. The resilient global economic growth is attributed to the development in supply chain, the fading of earlier energy price shocks and rebound in labor supply in Advanced Economies. On a year-on-year basis, the economy of the United States, Eurozone, China and Nigeria grew by 2.9%, 0.4%, 5.3% and 2.98% in Q1-2024 (vs. 3.1%, 0.2%, 5.2% and 3.46% respectively in Q4-2023). Impressively, United Kingdom exited recession as the country's GDP grew by 0.2% in Q1-2024 (vs. -0.2% in Q4-2023).

### Apex Banks Maintain Tight Monetary Policy in Q2-2024

- The US Fed Reserve held fed fund rate at 5.50% in Q2-2024 (Q1-2024: 5.50%) in a bid to keep taming high inflation.
- The Bank of England (BOE) also maintained its policy rate at 5.25% in Q2-2024 (Q1-2024: 5.25%) despite achieving the inflation target of 2% during the quarter.
- The People's Bank of China kept key lending rates unchanged: 1-year and 5-year loan prime rate (LPR) were held at 3.45% and 3.95% respectively in Q2-2024
- The ECB lowered the three key interest rates by 25bps in Q2-2024 as inflation slowed down. The main refinancing operations rate was lowered to 4.25%; the deposit facility rate to 3.75%; and the marginal lending rate to 4.5%.

### Crude Oil Prices Surge on Extension of OPEC Supply Cut

- The quarterly average price of Brent crude oil and WTI rose by 4.0% and 4.8% to \$85.00 and \$80.64 per barrel respectively in Q2-2024 (quarter-on-quarter), mainly driven by the extension of voluntary oil supply cut by OPEC+, crisis in Middle-East region, and improved economic activities in various countries.

### Inflation Slows Down in Q2-2024

The adoption of tight monetary policies continued to yield positive results as the Consumer Price Index (CPI) fell further in Advanced Economies in Q2-2024. Inflation in the United States fell to 3.0% while the United Kingdom achieved their inflation target of 2% as inflation declined significantly by 120 bps. However, Emerging Markets & Developing Economies continued to witness mixed outcomes in the second quarter of 2024. For instance, China and Nigeria's inflation grew by 20bps and 99bps to 0.3% and 34.19% respectively while on the other hand, inflation slowed down in Argentina and Ghana by 1,150bps and 270 bps to 276.4% and 23.7% respectively and remained unchanged at 3.93% in Brazil during the period.

## Domestic Economic Review

### Nigeria Sustains Positive GDP Growth Amid Elevated Inflation and Currency Depreciation

- Nigeria's economy rose by 2.98% (year-on-year) in real terms in the first quarter of 2024, despite the persistent increase in inflation, security challenges, monetary and exchange rate policy alterations. According to data from the National Bureau of Statistics (NBS), the growth rate recorded in Q1-2024 is 67 basis points (bps) higher than the 2.31% recorded in Q1-2023 but 48 bps lower than the 3.46% reported in Q4-2023. On a year-on-year basis, the growth in Gross Domestic Product (GDP) in Q1-2024 was driven by the non-Oil and Oil sector which grew by 2.80% (Q4-2023: 3.07%) and 5.70% (Q4-2023: 12.11%) respectively. Meanwhile, the real GDP contracted by 16.05% on a quarter-on-quarter basis, indicating the impacts of elevated inflation, high energy prices and significant depreciation of the Naira on economic activity during the month.

### Nigeria's Inflation Increases to 34.19% in Q2-2024

- The purchasing power of Nigerians continued to dwindle in Q2-2024 as headline inflation rose further to 34.19% (year-on-year), which is 99bps higher than the 33.20% reported in Q1-2024. Nevertheless, the rate of increase in headline inflation in Q2-2024 (99 bps) is lower than the rate of increase in Q1-2024 (428bps). This shows that the tight monetary policy adopted by the Central Bank of Nigeria (CBN) yielded positive result in Q2-2024. Food inflation rose to 40.87% in June 2024 (March 2024: 40.01%), as high cost of transportation and insecurity in food producing regions weighed on food prices. Additionally, core inflation increased to 27.40% in June 2024 (March 2024: 25.90%), mainly owing to the depreciation of the Naira during the period.

### Monetary Policy Committee Raises MPR by 150 bps to 26.25% in Q2-2024

- The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held one meeting in the second quarter of 2024 where it raised MPR by 150 bps to 26.25% (from 24.75% in the first quarter of 2024) in a bid to keep reining in inflation. In addition, The Committee also held the Cash Reserve Ratio (CRR) and Liquidity Ratio (LR) constant at 45.0% and 30.0% respectively in Q2-2024. Also, the committee retained the Asymmetric Corridor at +100/-300 bps around the MPR in Q2-2024 as the Apex Bank continue to mop up excess liquidity in the system.

### Naira Depreciates Further Despite the Growth in External Reserves

- On a quarter-on-quarter basis, the Naira depreciated further against the greenback by 15.0% and 16.4% at the official NAFEM and parallel market to close at ₦1,505.30 (Q1-2024: ₦1,309.39) and ₦1,525.00 (Q1-2024: ₦1,310.00) respectively in Q2-2024 as the country continued to witness foreign exchange supply shortages. The country's foreign reserves rose slightly by 1.08% (\$364.2 million) to \$34.19 billion in Q2-2024, from \$33.83 billion in Q1-2024, driven by improved foreign exchange inflows arising from the additional \$925 million from Afrieximbank, improved crude oil prices and the efforts of the CBN to manage the nation's currency.

### Head Office

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

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## Q3 2024 Outlook

### Global Economy

- We maintain that global economic growth will remain sluggish in the third quarter of 2024 due to the impacts of contractionary monetary policies on economic activity in various countries. In addition, high energy prices and the impacts of the Red Sea crisis on supply chain will continue to weigh on economic growth in Q3-2024.
- We maintain that global inflation will continue to trend downward in Q3-2024 due to the expectation that monetary policy tightening will maintain in some countries. Advanced Economies are expected to return sooner to rates near their pre-pandemic (2017-19) average in Q3-2023 mainly due to the effectiveness of contractionary monetary policy. However, Emerging Market and Developing Economies (EMDE) are expected to be far from their pre-pandemic inflation average due to high energy prices, impacts of geopolitical tensions on food and weak local currencies, especially in Africa.
- We do not expect expansionary monetary policies in the third quarter of 2024 due to persistent efforts of most apex banks in Advanced Economies and Emerging Markets & Developing Economies to keep inflation at desirable levels. However, we may continue to see policy rate hike pauses in Advanced Economies while we expect EMDEs to be less aggressive in tightening to support fragile economic growth and avoid economic recession.
- The decision of the OPEC+ members to extend the voluntarily oil production cut will result in lower global oil production in Q3-2024. In addition, we maintain that the Red Sea crisis and conflict within the Middle East (which accounts for over 30% of the world's total crude oil production) will result in lower crude oil production in Q3-2024. Subsequently, we expect prices of crude oil to remain high Q3-2024.

### Domestic Economy

- The challenging economic conditions witnessed in Q1-2024 may extend to Q2-2024 as we expect high inflation, further depreciation of the Naira and high energy prices to weigh on economic productivity of the country in the past quarter of the year. Consequently, we expect the country's GDP growth to remain sluggish Q2-2024.
- We expect inflation to moderate in Q3-2024 as we expect a higher base to play a major role during the period. Nevertheless, we anticipate that inflation will remain high in Q3-2024 as we expect the higher minimum wage to offset the base effect during the period.
- Considering the recent increase in policy rate from 26.25% to 26.75%, we maintain that the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) will maintain contractionary monetary policy in Q3-2024 in a bid to keep fighting high inflation, reduce money supply, and attract foreign portfolio investors into the country.
- We project that Nigeria's Naira will be relatively stable against the US dollar and other major currencies at the foreign exchange market in Q3-2024 due the improvement in external reserves (which may lead to constant intervention at the foreign exchange market), anticipation of high crude oil price and expectation of \$2.25 billion loan from the World Bank. In addition, the additional capital raising by the Nigerian banks and attractive yields in the money market may generate forex inflows into the country during the period.

### Head Office

# MONEY MARKET FUND



Guaranty Trust Fund Managers Ltd  
RC 66008

## 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's asset size grew by 26.7% from N21.9Billion to close at N27.8Billion in the quarter under review while the Fund's return increased by 565bps to close at 20.81% at the end of Q2'2024 from 15.16% at the end of Q1'2024.

We witnessed yields trend upward during the quarter as the government made a conscious effort to mop up liquidity which resulted in primary auction stop rates inching higher across standard tenors. The average stop rate of treasury bills in the primary market rose by 378bps to close at 18.09% in Q2-2024 (vs. 14.31% average primary auction stop rate in Q1-2024).

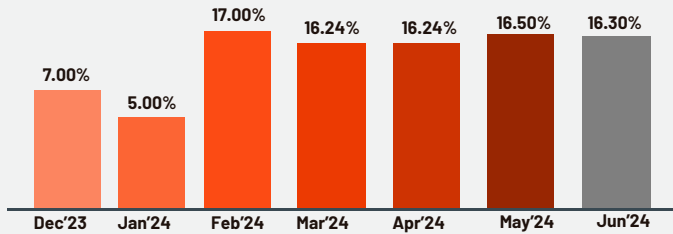
The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held one meeting in the second quarter of 2024 where it raised MPR by 150 bps to 26.25% (from 24.75% in the first quarter of 2024) in a bid to keep reining in inflation.

## Q3' 24 Outlook

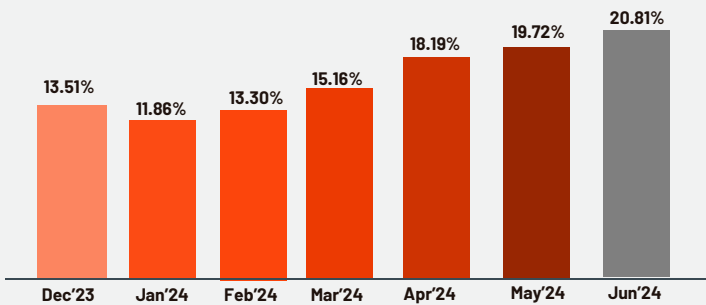
We project that interest rates will remain high in the money market considering the recent decision of the CBN to raise MPR by 50 basis points to 26.75% and expectation of continued monetary policy tightening in Q3-2024. Consequently, the Money Market Fund should maintain impressive performance in Q3-2024 as it continues to reflect the current interest rate reality.

## Fund Composition and Performance

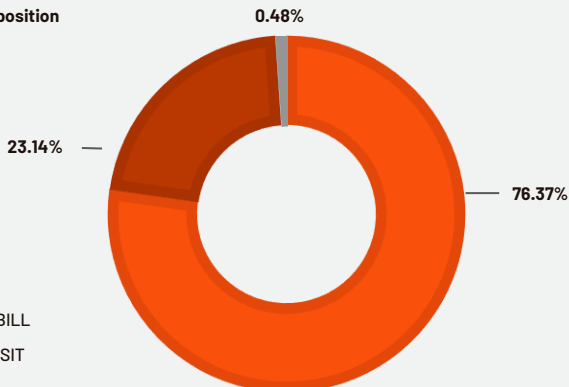
### 91 days Tbilis Benchmark



### Fund Performance



### Fund Composition



## Fund Features

Launch Date	1990
Net Assets	₦27.75billion
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 (28-Jun-24)	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,  
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## 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) improved by 2% to close at ₦11.39Billion at the end of Q2'2024.

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held one meeting in the second quarter of 2024 where it raised MPR by 150 bps to 26.25% (from 24.75% in the first quarter of 2024) in a bid to keep reining in inflation. In addition, The Committee also held the Cash Reserve Ratio (CRR) and Liquidity Ratio (LR) constant at 45.0% and 30.0% respectively in Q2-2024. Also, the committee retained the Asymmetric Corridor at +100/-300 bps around the MPR in Q2-2024 as the Apex Bank continues to mop up excess liquidity in the system.

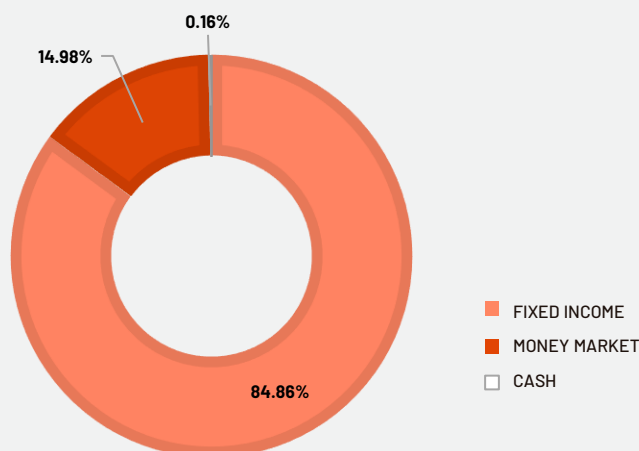
## Q3'24 Outlook

We anticipate that the persistent high inflation and continuation of tight monetary policy will leave interest rates elevated both in the bonds and treasury bills market in this quarter. As a result, we maintain that the Fixed Income Fund will improve performance in third quarter of 2024.

## Fund Composition and Performance

DATE	GUARANTEED RETURN (P.A.)	ADDITIONAL YIELD (PAID AT FYE)
Jan - Mar, 2022	4.50%	N/A
Apr - Jun, 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
Jan - Mar 2024	6.00%	N/A
Apr- Jun 2024	6.00%	N/A

■ Fund Composition



## Fund Features

Launch Date	2007
Net Assets	₦11.39Billion
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 (28-Jun-24)	₦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 000008

## 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 closed at N546.1 million. The Fund has invested 78.36% in equities, 21.16% in money market instruments while 0.48% remained as cash.

The Nigerian equities market witnessed profit-taking from the gains recorded in the previous quarter, as All-Share index (ASI) decreased by 4.31% in Q2-2024. The NGX All-Share Index and Market Capitalization depreciated to close at 100,057.49pts and N56.60 Trillion respectively as at 28th June 2024.

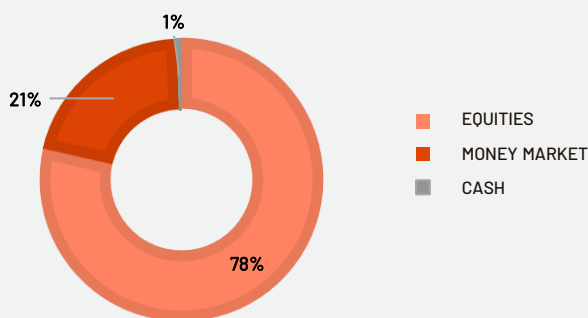
## Q3'24 Outlook

Although we anticipate cautious trading pattern in Nigerian equities market in Q3-2024, we may see slight improvement as we expect investors to take advantage of cheap stocks and prepare for interim dividend payment. Also, the additional capital raise exercise in the banking sector is set to boost investor appetite and spur market activity, as a result we expect the Equity Income Fund to record improved performance this quarter.

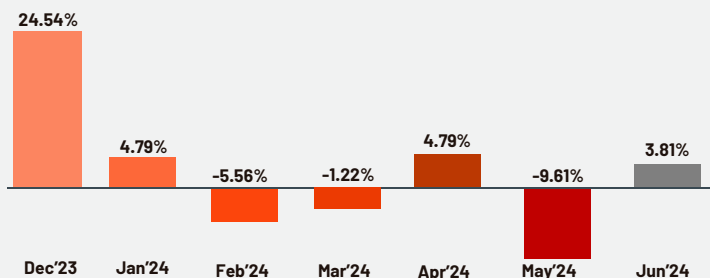
## Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	30.67%
Agriculture	25.68%
FMCG	24.82%
I.C.T	12.93%
Oil & Gas	2.96%
Industrial	2.95%

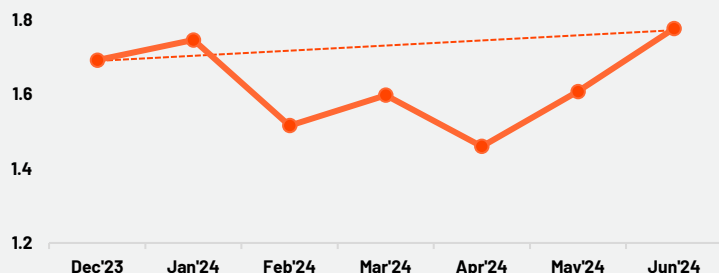
### Fund Composition



### Fund Performance



### EIF HISTORICAL UNIT PRICE



## Fund Features

Launch Date	2018
Net Assets	N546.1million
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	Equities (70% - 95%) Money Market (5% - 30%) Cash (0% - 5%)
Composite Benchmark	Equities (ASI) - 70% Fixed Income - 30%
Fund Price (28-Jun-24)	Bid: 1.7669 Offer: 1.7847
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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# BALANCED FUND



Guaranty Trust Fund Managers Ltd  
RC 60008

## 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 witnessed profit-taking from the gains recorded in the previous quarter, as All-Share index (ASI) decreased by 4.31% in Q2-2024. The NGX All-Share Index and Market Capitalization depreciated to close at 100,057.49pts and ₦56.60 Trillion respectively as at 28<sup>th</sup> June 2024. The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held one meeting in the second quarter of 2024 where it raised MPR by 150 bps to 26.25% (from 24.75% in the first quarter of 2024) in a bid to keep reining in inflation.

At the end of the period under review, the fund's Asset under Management (AuM) closed at N2.79 Billion in Q2' 2024.

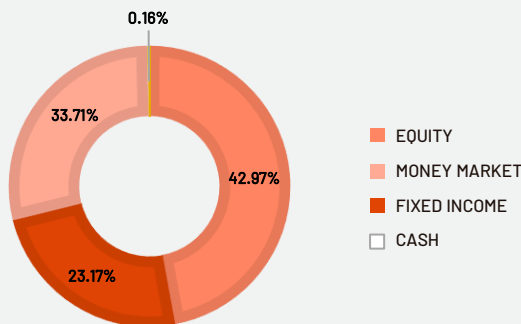
## Q3'24 Outlook

We expect the Balanced Fund to witness improved performance in Q3-2024 due to the expectation of high rate/yields in the fixed-income market. In addition, we may see slight improvement in the equities market, as we expect investors to take advantage of cheap stocks and prepare for interim dividend payments. Also, the additional capital raise exercise in the banking sector is set to boost investor appetite and spur market activity in the Nigerian equities market this quarter.

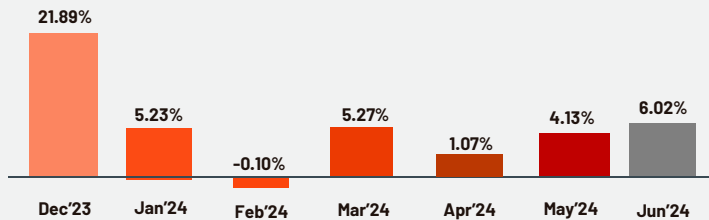
## Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	42.78%
I.C.T	21.21%
FMCG	19.65%
Agriculture	12.47%
Industrial	3.89%

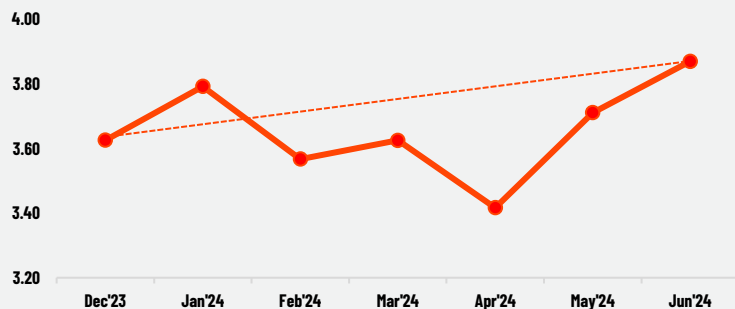
### Fund Composition



### Fund Performance



### BF HISTORICAL UNIT PRICE



## Fund Features

Launch Date	2002
Net Assets	₦2.79 billion
Domiciliary	Nigeria
Currency	NG Naira
Objective	Interest Income Capital Appreciation
Financial Year End	December
Minimum Initial Investment	₦10,000
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 (28-Jun-24)	Bid: 3.8009 Offer: 3.9358
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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## 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

Nigeria's foreign exchange reserves rose slightly by 1.06% (\$364.17 million) to \$34.19 billion in Q2-2024 (as at June 28, 2024), from \$33.83 billion in Q1-2024, driven by improved foreign exchange inflows arising from the additional \$925 million from Afrieximbank, improved crude prices and the efforts of the CBN to manage the nation's currency. On a quarter-on-quarter basis, the Naira depreciated further against the greenback by 15.0% and 16.4% at the official NAFEM and parallel market to close at ₦1,505.30 (Q1-2024: ₦1,309.39) and ₦1,525.00 (Q1-2024: ₦1,310.00) respectively in Q2-2024 as the country continued to witness foreign exchange supply shortages.

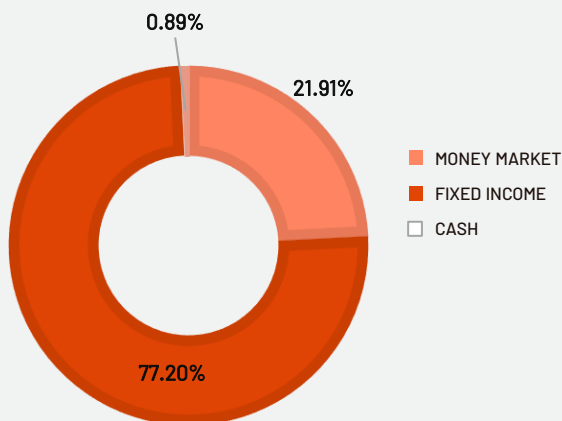
At the end of the period under review, the fund's Asset under Management (AuM) increased by 10.66% to close at \$38.82 million from \$35.02 million in Q1'2024, while return on this fund closed at 7.38% at the end of Q2' 2024.

## Q3'24 Outlook

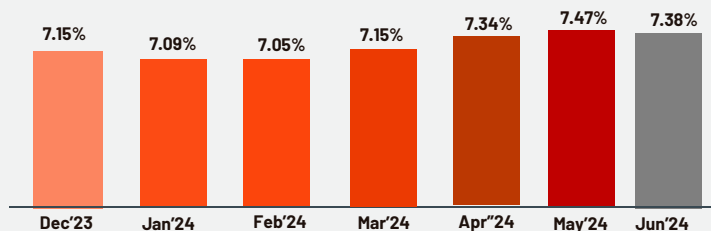
In Q3-2024, we project improved performance in the Dollar Fund as we expect increased investor demand for Nigeria's Eurobonds, due to the expectation of sustained high crude oil prices, continued accretion in the country's external reserves coupled with a slowdown in yields in Advanced Economies, among others.

## Fund Composition and Performance

### Fund Composition



### Fund Performance



## Fund Features

<b>Launch Date</b>	2018
<b>Net Assets</b>	\$38.82 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% 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 (28-Jun-24)</b>	Bid: 100 Offer: 100
<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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