



Market Review and Outlook

On the Global Scene, U.S YOY inflation ticked up for the first time in a year, partly due to an increase in energy and housing prices. Consequently, YOY inflation printed at 3.20% (from 3.00% recorded in the previous month) – with core inflation rising by 4.7% YoY.

The drastic moderation in inflation numbers (currently at 3.20% vs a one year high of 9.10%) suggests the likelihood that the FEDs would hold rates at current level (5.25%-5.50%) at the next Federal Open Market Committee (FOMC) meeting in September. As economic data suggest that the economy has remained resilient, with jobless claims declining and PMI expanding during the month.

Eurobond Market

In the Eurobonds market, the mood was also relatively mixed. Nigerian instruments started the month on a positive note, especially the long-dated instruments, as investors remained optimistic about implemented economic reforms by the new administration.

However, the statement from the Fed chair at the Jackson hole meeting reiterated the hawkish stance of the Feds, signalling another rate hike from the current levels (5.25%-5.50%). This drove the bearish theme in the market within the month. However, declines in the Jobless claims as well as stronger than expected PMI data showed signs of a resilient economy.

Also, the CBN's financial accounts, which was released in the month, revealed concerns about the state of the nation's foreign exchange reserves, which spurred selloffs across the curve. Consequently, the average Eurobond yield rose 108bps to 11.02% at the end of August.

In the month of September, we expect the US inflation print for the month of August to drive market activities. Inflation is expected to move northwards to 3.6% (prior month: 3.2%). Barring any surprises, investors expect the FED to hold rates at this month's FOMC meeting – with the possibility of a rate hike at its November meeting and rate cuts in 2024. This is to allow the committee to gauge the impact of the cumulative 525bps hike implemented thus far.

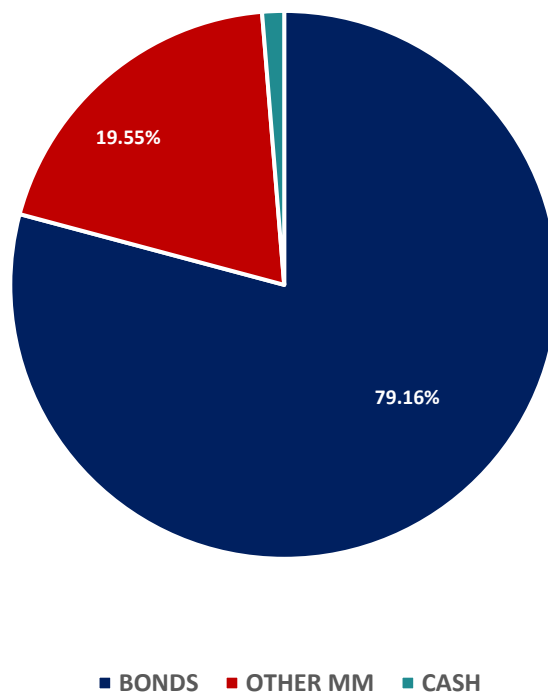
We therefore expect the mixed sentiments to persist in the month of September.

Fund Information	
Fund Manager	Axa Mansard Investments Limited
Custodian	Standard Chartered Bank Nigeria Ltd
Trustees	UTL Trustees Financial Services Ltd
Base Currency	\$ (US Dollar)
Fund size	USD 6.46 Million
Redemption Period	3-5 working days
Minimum Investment	\$2,000
Lock-in Period	6 months
Dividend Distribution	Annually
Management Fee	0.75% per annum
Pre-liquidation Charge	25% of interest earned
Fund Performance	2.59% as at 31 st August 2023

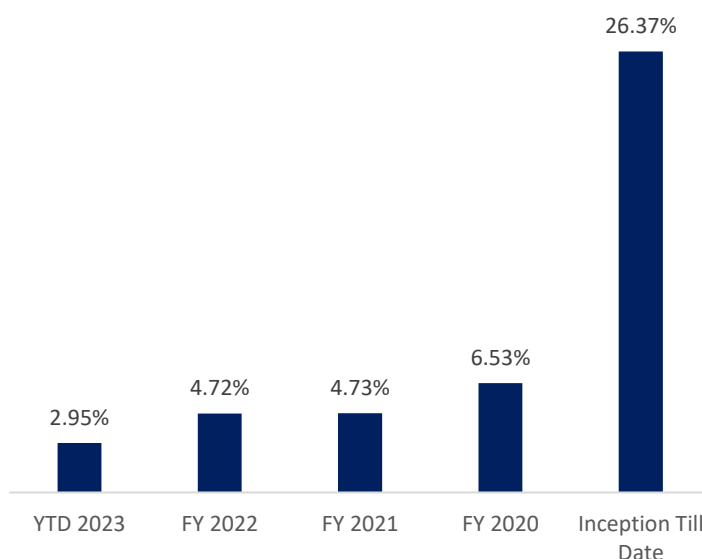
Fund Objective

The fundamental objective of the investment is to provide short to medium-term USD denominated opportunities for investors seeking to optimise returns on their existing FX positions or hedge currency risk associated with the Naira. The return on the fund is not guaranteed and could vary daily.

Fund Asset Allocation & Weighted Average Maturity



Historical Performance



A Mansard Investments Limited (AXA MIL) is duly registered by the Securities and Exchange Commission of Nigeria as Fund/Portfolio Managers. AXA MIL is a wholly owned subsidiary of AXA Mansard Insurance Plc; a member of the AXA Group - the worldwide leader in insurance and asset management with assets under management of 1.4 trillion Euros, serving 103 million clients in 59 countries. A.M. Best rating for AXA Mansard is BB+



Risk Factors and Mitigants

The investment in the fund involves a number of risks; hence investors should be willing to accept a high degree of volatility in the price of the units and the possibility of losses. Investors should consider these risks factors;

Market Risk

Market risk is the risk of losses arising from the movement in interest rates and prices. The changing interest rate could translate to unrealised gain or losses. However, the fund manager uses different strategies to achieve its goal of absolute return to investors; but in general, there is no guarantee that these strategies will not result in losses in a volatile or declining market. However, a portfolio that holds all securities to maturity is immune from market risk.

Credit Risk

Credit risk refers to the creditworthiness of the issuers of the securities in the portfolio and their ability to make timely interest payments; and to pay the face value on the maturity date. If the security issuer is unable to repay principal or interest on time, the issuer is said to be in default; and such event could adversely affect the fund.

Regulatory risk

The portfolio is subject to various forms of regulations and may have adverse implications. The Central Bank of Nigeria (CBN) may from time to time, issue new regulations and guidelines which may have direct or indirect impact on foreign currency domiciled securities. The regulations issued by the CBN to defend the currency, manage the country's external reserves, inflation or spur economic growth may negatively impact the portfolio performance. Additionally, regulators such as Securities and Exchange Commission from time to time, issue circulars that may also impact the fund's performance. These regulations may inadvertently, lead to higher cost impact on the portfolio. This risk may arise from the possible breach of regulatory guidelines or requirements. There is also the risk that possible amendments to the local and foreign legislation (including tax legislation), may cause additional expenses for the fund.

Liquidity Risk

This is the risk that a significant portion of the investment within the fund will not be readily converted to cash when required. The units may not be easily or readily tradable due to the quantum held and/or adverse market conditions. There is also the possibility of not being able to complete redemption request within the stipulated time as a result of the relative liquidity or minimum lot size with the Eurobond market.

Country Risk

The performance of the fund may be affected by changes in the economic environment and equity market conditions, political developments or changes in legislation and regulatory requirements. Country risk events may include sovereign defaults, banking or currency crises, social instability and changes in government policies such as expropriation, nationalisation and the confiscation of assets.

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