

Global Economic Review

Tight Monetary Policy and Russia-Ukraine War Threaten Global Economic Growth

The adoption of tight monetary policy to fight inflation in various countries and the ongoing Russia-Ukraine war continued to threaten global economic growth in Q1-2023. However, the full reopening of the Chinese economy after the COVID-19 restriction, is expected to ameliorate the negative impact of Russia-Ukraine war and contractionary monetary policies on global economic growth in Q1-2023.

Central Banks Maintain Contractionary Monetary Policy to Keep Fighting Inflation in Q1-2023

- Despite the constant decline in inflation rate, the Fed raised the fed funds rate by 50 basis points to 5.0% in Q1-2023, indicating a 16-year high since 2007.
- To bring inflation back to the 2% target, the Bank of England raised interest rates by 75 basis point to 4.75% in Q1-2023, pushing the cost of borrowing to the highest level since 2008.

Rising Supply and Recession Fears Weigh on Oil Prices

- Despite the reopening in China, the average price of Brent crude oil and WTI fell further by 6.8% and 7.6% to \$82.65 and \$76.39 per barrel respectively in Q1-2023, driven by improved OPEC oil production and fear of economic recession.

Inflation Peaks Amid Low Growth

- In Q1-2023, inflation declined in most advanced economies, notably in the United States, the Euro Area and the United Kingdom, driven by the decline in the price of fuel and nonfuel commodities. However, inflation maintained an upward trend in most Developing Economies as dependency on imported goods, weak local currency and high energy cost remain major challenges. According to the International Monetary Fund (IMF), the global inflation rate (8.8%) is currently above the pre-pandemic (2017 - 19) level of about 3.5%.

Domestic Economic Review

Non-Oil Sector Lifts Nigeria's GDP by 3.52% in Q4-2022

- Despite the economic headwinds, Nigeria's economy remained resilient as the real Gross Domestic Product (GDP) of Nigeria grew by 3.52% and 3.10% (year-on-year) in Q4-2022 and FY-2022 respectively. The growth was mainly driven by 4.44% growth (year-on-year) in the non-oil sector, propelled by the strong growth in Information & Communication, Trade, Agriculture, Financial & Insurance, Manufacturing sector, among others. However, oil sector fell by 13.38% (year-on-year), in real terms, due to the setback in oil production.

Nigeria's Inflation Rises Further Amid Cash Crunch

- Inflation continued to bite hard on the purchasing power of consumers in Nigeria as headline inflation rose persistently in Q1-2023, driven by the fuel scarcity, cash crunch, weak local currency, and lingering security challenges in major food producing areas. Inflation increased to 21.82% and 21.91% in January and February 2023 respectively (December 2022: 21.34%). Food inflation increased to 24.32% and 24.35% in January and February 2023 respectively (December 2022: 23.75%). Core inflation expanded to 19.16% in January 2023 but declined to 18.84% in February 2023 (December 2022: 18.49%).

Central Bank of Nigeria Raised Monetary Policy to 18.0%

- The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) maintained a hawkish stance in Q1-2023, as it raised Monetary Policy Rate (MPR) by another 150 bps to 18.0% during the period. The adoption of a contractionary monetary policy, according to the CBN Governor, is to keep fighting persistent rising inflation with the aim to achieve positive real returns in the country.

Q2 2023 Outlook

Global Economy

- Global economic growth is projected to slow down in Q2-2023, as we expect the contractionary monetary policy and high inflation in various countries to have negative impact on global economic output. In addition, the Russia-Ukraine war and its implications to the smooth functioning of the global supply chain will slow down global growth in Q2-2023. Nevertheless, the full reopening of the Chinese economy and improved demand in some economies is expected to keep Global growth in positive zone.
- Global inflation is expected to slow down in Q2-2023, though above pre-pandemic (2017-19) levels of about 3.5%. The projection partly reflects the declining international fuel price and some nonfuel commodity prices due to improved crude oil supply and weaker global demand. It also reflects the cooling effects of monetary policy tightening and the base effect. To keep fighting high inflation and close negative real interest rate gap, we maintain that most Apex Banks will keep policy rates high in Q2-2023.

Domestic Economy

- Nigeria's GDP growth is expected to slow in Q1-2023 and Q2-2023 due to the slowdown in economic activities occasioned by the lingering naira scarcity. Specifically, the growth in the non-oil sector will slow down as high cost of inputs remains a major problem. Although we may see improvement in oil production volumes, the expectation of a reduction in crude oil prices may keep growth in the oil sector in negative zone.
- Inflation is expected to remain high in Q2-2023 mainly due to the expectation of PMS subsidy removal, continued foreign exchange challenges, uncertain climatic condition, insecurity in key food producing states and elevated cost of inputs.
- Monetary Policy Rate (MPR) is projected to remain high in Q2-2023 due to high inflationary pressures. The Apex bank is expected to respond to highly competitive rates obtainable in other countries by keeping the policy rate high in the second quarter.

Head Office

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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

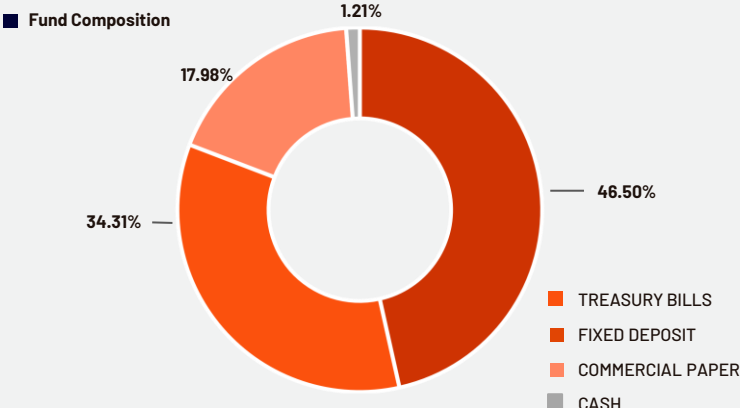
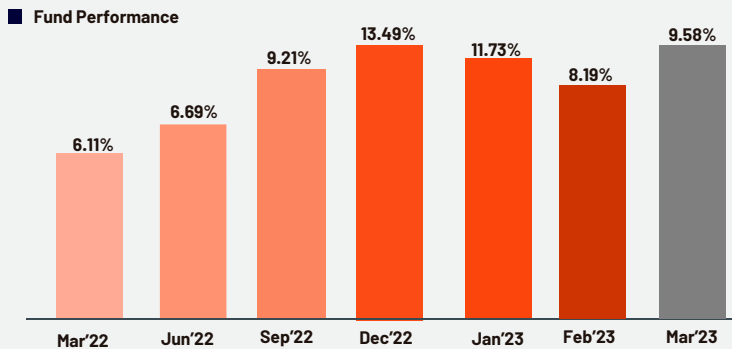
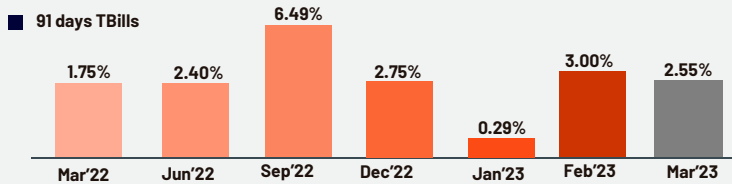
The Fund's asset size closed at N13.80Billion in the quarter under review. The net return for the Fund closed at 8.74% at the end of Q1'2023.

The Nigerian financial System was highly liquid during the quarter, as we saw Inflows from NTB maturities, FGN Bond Coupons, and the Federal Accounts Allocation Committee ("FAAC"), resulting in a decline in interest rates in the money market. The monetary policy committee met twice in the first quarter of the year, it raised the monetary policy rate by an additional 150bps to 18%. The major consideration remained high inflation and the need to consolidate the gains of the previous rate hikes.

Q2'23 Outlook

The Federal Government of Nigeria is expected to remove subsidy on PMS before May 29, 2023, according to the Minister of Finance, Budget and National Planning. This is expected to raise inflation further in Q2-2023. Consequently, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) would be left with the option to maintain its contractionary stance which should keep interest rates high in the coming quarter.

Fund Composition and Performance



Fund Features

Launch Date	1990
Net Assets	₦13.80 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 (31-Mar-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

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GUARANTEED INCOME FUND



Guaranty Trust Fund Managers Ltd
RC 60008

Fund Overview

The Guaranteed 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 the 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 ₦10.88Billion at the end of Q1'2023.

During the period, the monetary policy committee met twice and raised the monetary policy rate by an additional 150bps to 18%. The major consideration remained high inflation and the need to consolidate the gains of the previous rate hikes. Consequently, the Standing Deposit Facility rate increased to 11% which will serve as the benchmark return on the fund prospectively. The portfolio was rebalanced in order to stay liquid for the optimization of high yielding opportunities both in the fixed income and money market space.

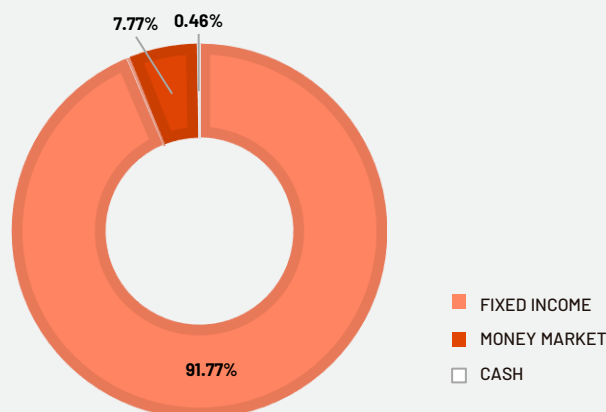
Q2'23 Outlook

With the assumption that high inflationary pressures and a contractionary monetary stance will remain in Q2-2023, we expect yields in the bond market and treasury bills market will be elevated during the period. However, we might see a slight setback in interest rates in April, as we expect the maturity of two Treasury bills and one FGN bond will lead to robust system liquidity during the month.

Fund Composition and Performance

DATE	GUARANTEED RETURN (P.A.)	ADDITIONAL YIELD (PAID AT FYE)
Jan - Jun, 2020	8.50%	0.84%
Jul - Dec, 2020	7.50%	0.54%
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 2022	6.00%	N/A

Fund Composition



Fund Features

Launch Date	2007
Net Assets	₦10.88Billion
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 (31-Mar-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

Despite the economic challenges and low participation of foreign investors in the country, the Nigerian equities market continued its positive performance returning 7.11% Year to Date (YTD) in March 2023, as investors continued to take position in anticipation of the full year 2022 results and corporate actions. The impressive performance of the equities market could be attributed to the decisions of domestic investors to take advantage of undervalued stocks that have strong fundamentals.

The asset size for the period under review increased marginally by 9.47% to N367.19million from N335.39 million recorded in the Q4' 2022. The Fund has invested 74.31% in equities, 24.86% in money market instruments while 0.83% remained as cash.

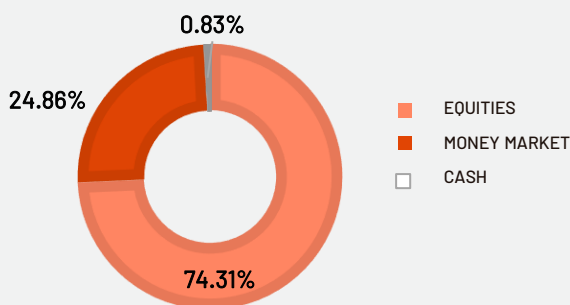
Q2'23 Outlook

In Q2-2023, we expect the Nigerian equities market to witness profit-taking, from the gains recorded in the previous quarter. Also, in a bid to take advantage of relatively high yields in the fixed income market, we expect investors will rebalance their portfolio in favour of riskless securities, especially after the dividend payments in May 2023. Nevertheless, our long-term outlook remains positive as most stocks are trading below their intrinsic values.

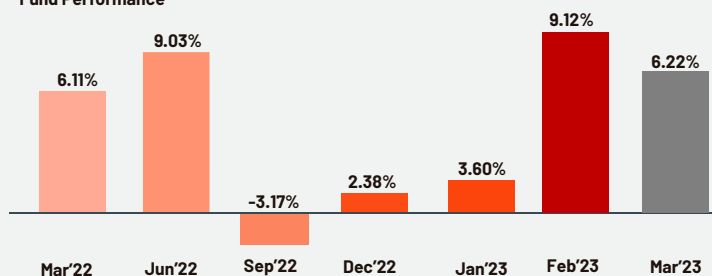
Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	34.21%
FMCG	33.23%
I.C.T	22.07%
Agriculture	4.45%
Industrial	3.43%
Oil & Gas	2.61%

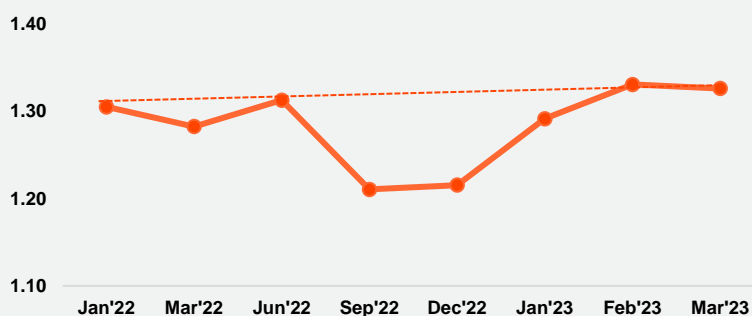
Fund Composition



Fund Performance



EIF HISTORICAL UNIT PRICE



Fund Features

Launch Date	2018
Net Assets	N367.19 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 (31-Mar-23)	Bid: 1.2869 Offer: 1.3261
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 Vantage 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 closed the quarter in green zone as NGX All-Share Index and market capitalization appreciated by 7.11% to close at 54,892.53 points and N29.90 trillion. In the first quarter of the year, the monetary policy committee tightened the benchmark rate, as it raised the monetary policy rate by an additional 150bps to 18%.

At the end of the period under review, the fund's Asset under Management (AuM) grew marginally by 3.11% to N2.22 Billion as at the end of Q1'2023 from N2.16 Billion in Q4'2022.

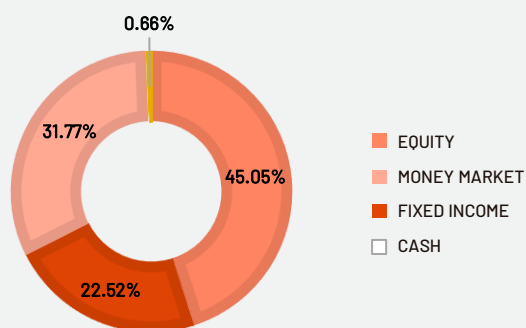
Q2'23 Outlook

We maintain that the Nigerian equities market is expected to witness a slight setback in Q2-2023, mainly due to the expectation of profit-taking, portfolio rebalancing in favour of fixed income instruments and possible slowdown of economic growth. Also, interest rates on riskless instruments are expected to remain high in Q2-2023, mainly due to anticipated high inflation during the period.

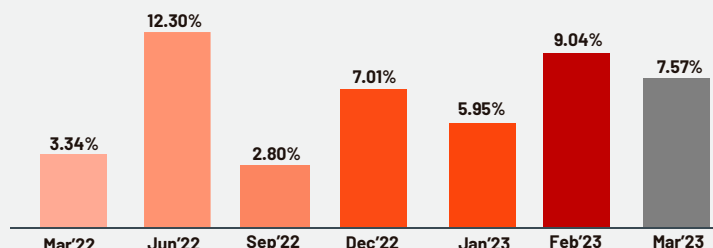
Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	41.12%
I.C.T	26.97%
FMCG	22.90%
Agriculture	5.60%
Industrial	3.41%

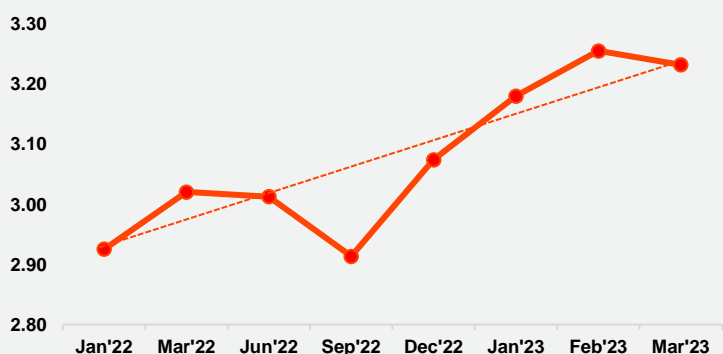
Fund Composition



Fund Performance



BF HISTORICAL UNIT PRICE



Fund Features

Launch Date	2002
Net Assets	₦2.22 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 (31-Mar-22)	Bid: 3.1746 Offer: 3.2322
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

Nigerian foreign reserves declined to \$36.67bn due to the foreign exchange rate pressure accentuated by heightened demand and low accretion to Federal reserves. We saw the average yields in Sub-Saharan Africa Eurobonds increase by 36bps to 12.57% in March 2023 from 12.21% in December 2022. This was largely due to selloffs seen across most Sub-Saharan Africa instruments, following the Moody downgrade of Nigeria to Caa1 from B3 and Egypt to B3 from B2.

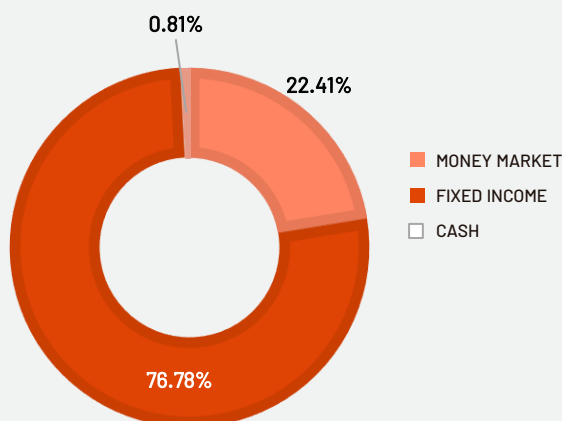
At the end of the period under review, the fund's Asset under Management (AuM) closed at \$10.67 million while return on this fund closed at 8.23%, an increase of 75bps from 7.48% at the end of Q4' 2022.

Q2'23 Outlook

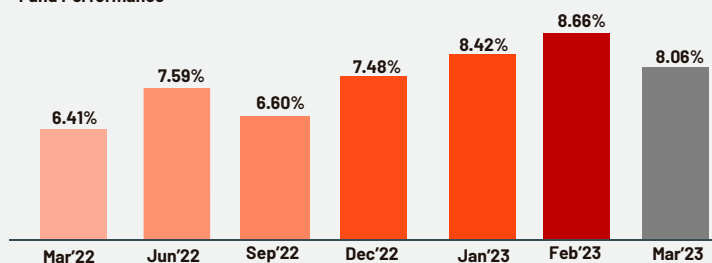
We maintain that the yields of Nigeria's International bonds (Eurobonds) are expected to remain high in Q2-2023 due to the persistent fall in the country's reserve, insecurities challenges, the Ghana debt default and restructuring and the recent downgrade of Nigeria's rating, all of which are expected to increase the risk of holding these instruments.

Fund Composition and Performance

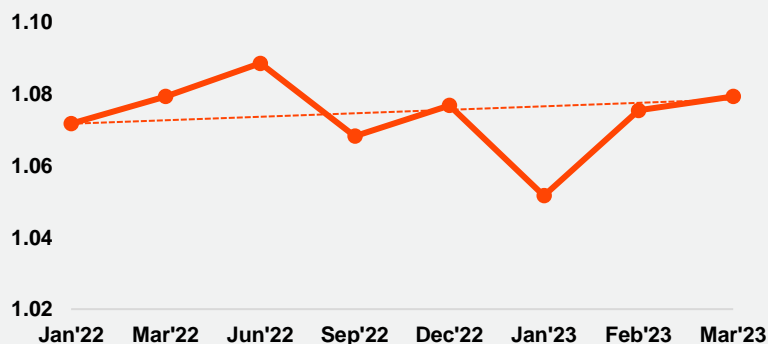
Fund Composition



Fund Performance



Dollar Fund Historical Unit Price



Fund Features

Launch Date	2018
Net Assets	\$10.67 million
Domiciliary	Nigeria
Currency	US Dollars
Objective	Interest Income Capital Appreciation
Financial Year End	December
Minimum Initial Investment	\$1,000
Management Fee	1.5% of NAV
Incentive Fee	20% of Excess Return above 10%
Risk Tolerance	Moderate
Permissible Asset Class	Eurobonds (70% - 100%) Money Market (0% - 30%)
Asset Class Rating	Eurobond - A (S&P) Money Market - BBB (Fitch)
Fund Price (31-Mar-23)	Bid: 1.0794 Offer: 1.0794
Custodian	Citibank Nigeria Ltd
Trustee	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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