

## Global Economic Review

In the fourth quarter of 2022, the global economy continued to face steep challenges, driven mainly by the lingering effects of three powerful forces: the Russian-Ukraine war, cost-of-living crisis caused by persistent and broadening inflation pressures, and the lingering COVID-19 pandemic in China.

### Most Apex Banks maintain hawkish stance in Q4-2022

- The Federal Reserve raised the fed funds' rate by 125 basis points (bps) to 4.5% in Q4-2022, pushing borrowing costs to the highest level since 2007.
- The Bank of England raised interest rates by 125 bps to 3.5% in Q4-2022, pushing the cost of borrowing to the highest level since 2008.

### Oil Prices Drop on Rising Economic Uncertainty

- Brent crude oil and WTI fell by 4.5% and 1.1% to \$83.99 and \$78.60 per barrel in Q4-2022 respectively, driven by economic uncertainty and lockdown in China.

### Inflation Remains High as Consumers' Purchasing Power Weakens

- Most Developing Economies maintained double-digit growth in inflation in Q4-2022 due to dependency on imported goods, weak local currencies and high energy cost. However, inflation slowed in the US and UK, driven by slowdown in the rising prices of gas.
- In spite of the aforementioned, economies across the world continue to drive their growth and stability agenda.

## Domestic Economic Review

### Nigeria Remains Resilient Despite Economic Headwinds

- The real Gross Domestic Product (GDP) of Nigeria grew by 2.25% (year-on-year) in the third quarter of 2022, driven by 4.27% growth (year-on-year) in the Non-oil sector, as various government interventions yielded positive results. However, the Oil sector fell by 22.67% (year-on-year) in real terms, due to the significant drop in oil production.

### Purchasing Power of Consumers Dwindles as Inflation Soars

- Nigeria witnessed persistent rise in the general price of goods and services within the country in the fourth quarter of 2022, driven by fuel scarcity, devaluation of the local currency, insecurity in food producing states and the recent flood in the country. Inflation increased to 21.09% and 21.47% in October and November respectively (September 2022: 20.77%). Food and core inflation expanded by 41 bps and 48 bps to 24.13% and 18.24% in November 2022, respectively.

### Central Bank of Nigeria Raised Monetary Policy to 16.50%

- The Monetary Policy Committee of the Central Bank of Nigeria (CBN) raised Monetary Policy Rate (MPR) by another 100 bps to 16.5% in Q4-2022 as the Bank maintained its hawkish stance to fight persistent rising inflation. However, the Apex bank kept all other policy parameters constant in Q4-2022.

## Q1 2023 Outlook

### Global Economy

- Global economic growth to slow in the first quarter of 2023 as tighter monetary policies, unabated inflationary pressures, soaring COVID cases in China and regional instability are expected to weigh down global economic growth.
- Although inflation rate is expected to remain high in Advanced Economies, we might see some moderation in Consumer Price Index in Q1-2023, due to the base effect and an expected decline in the surge of energy prices. Meanwhile, Emerging Markets & Developing Economies (EMDE) may continue to witness rising inflation mainly because of weak local currencies and high cost of inputs.

### Domestic Economy

- Nigeria's GDP growth is expected to slow in Q1-2023 due to the high cost of inputs which may affect the performance of the Non-oil sector. However, the decision of the government to boost Oil sector, by fighting oil theft, may keep the country's GDP growth in the positive zone.
- Inflation is expected to remain high in Q1-2023 due to election spending, insecurity in food producing states, elevated cost of production inputs and a weak local currency.
- With the expectation of rising inflation in Q1-2023, MPR is expected to remain high in the quarter.

### Head Office

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

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# MONEY MARKET FUND



Guaranty Trust Fund Managers Ltd  
REG. COMPANY

## 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

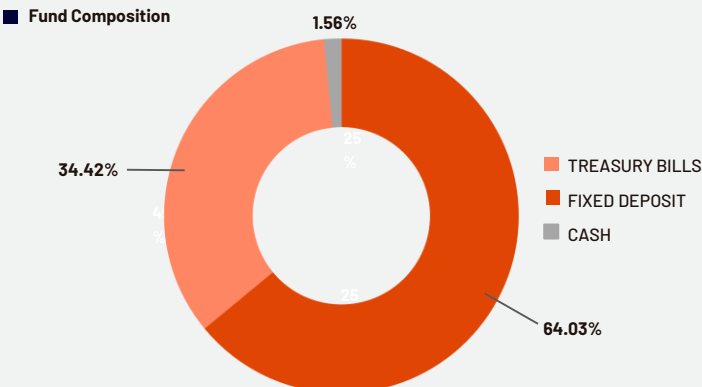
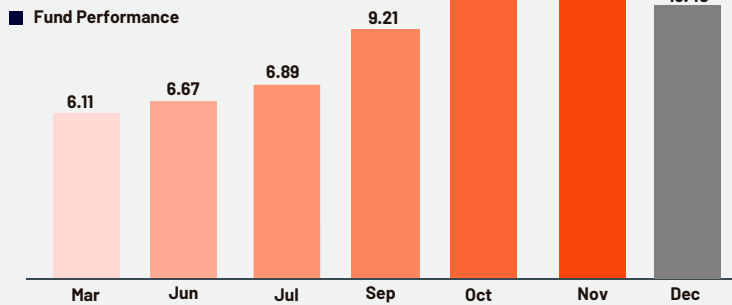
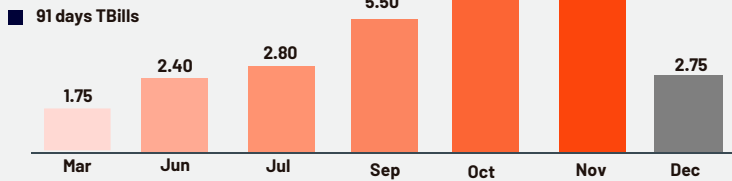
The Fund's asset size closed at N11.2Billion in the quarter under review. The net return for the Fund closed at 13.49% at the end of Q4'2022.

The monetary policy committee at its last meeting of the year further tightened the benchmark rate as it raised the monetary policy rate by an additional 100bps to 16.5%. The major consideration remained high inflation and the need to consolidate the gains of the previous rate hikes. However, we saw robust liquidity in the system towards the end of the year which resulted in a decline in interest rates in the money market.

### Q1'23 Outlook

The Central Bank of Nigeria is expected to keep policy rate constant at 16.5% in the first quarter of 2023, as the Bank awaits the effect the last rate hike has on inflation and economic growth. However, with the desire of the government to borrow at lower rates to reduce cost of borrowings and an anticipated liquid system, we are expected to witness a slight setback in average interest rates in the first quarter of 2023.

## Fund Composition and Performance



## Fund Features

<b>Launch Date</b>	1990
<b>Net Assets</b>	₦11.22 billion
<b>Domiciliary</b>	Nigeria
<b>Currency</b>	NG Naira
<b>Objective</b>	Interest Income Guaranteed Principal
<b>Financial Year End</b>	December
<b>Minimum Initial Investment</b>	₦1,000
<b>Fund Rating</b>	A(f)
<b>Rating Agency</b>	Agusto & Co.
<b>Management Fee</b>	1% of Net Asset Value (NAV)
<b>Incentive Fee</b>	15% of Excess Return above 10%
<b>Risk Tolerance</b>	Low
<b>Permissible Asset Class</b>	Bank Placement (15% - 75%) Short Term Govt. Instr. (25% - 85%) Others* (0% - 60%)
<b>Composite Benchmark</b>	91D Treasury Bill
<b>Fund Price (31-Dec-22)</b>	Bid/Offer: N100/N100
<b>Custodian</b>	Citibank Nigeria Ltd
<b>Trustee</b>	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

# GUARANTEED INCOME FUND



Guaranty Trust Fund Managers Ltd  
RC 60025

## 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 ₦10.21Billion at the end of Q4'2022.

During the period, we saw the monetary policy committee hike the monetary policy rate to 16.5%, consequently the Standing Deposit Facility rate increased to 9.5% 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.

### Q1'23 Outlook

Although we expect the policy rate to remain high in the first quarter of 2023, we do not see further rate hikes during the period as we expect the Central Bank of Nigeria will wait to see the effect of the last rate hike on inflation and economic growth.

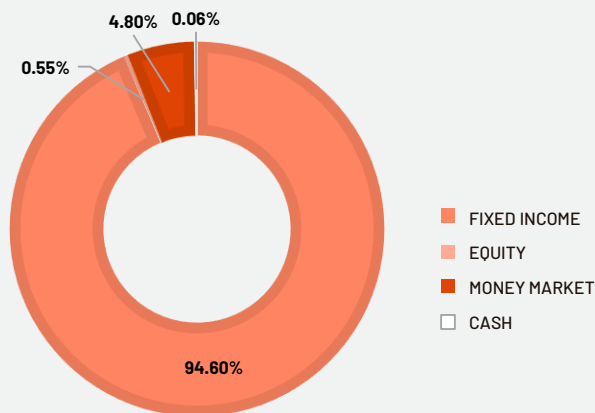
In addition, we may see increased demand for treasury bills and bonds as investors are expected to avoid risky assets (equities) during the election period. Consequently, we forecast a slight setback in yields in Q1'2023, when compared with Q4'2022.

## Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
I.C.T	39.78%
Banking	30.99%
FMCG	29.23%

DATE	GUARANTEED RETURN (P.A.)	ADDITIONAL YIELD (PAID AT FYE)
Jan - Jun, 2019	8.50%	3.43%
Jul - Dec, 2019	8.50%	3.15%
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

■ Fund Composition



## Fund Features

Launch Date	2007
Net Assets	₦10.21Billion
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-Dec-22)	₦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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## 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 closed the year in green zone as NGX All-Share Index and market capitalization appreciated by 19.98% and 25.19% to close at 51,251.06 points and N27.92trillion respectively (as at 30th of December 2022). 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 3.1% to N335.39 million from N325.18 million recorded in the Q3' 2022. The Fund's invested 72.48% in equities, 26.49% in money market while 1.03% remained as cash.

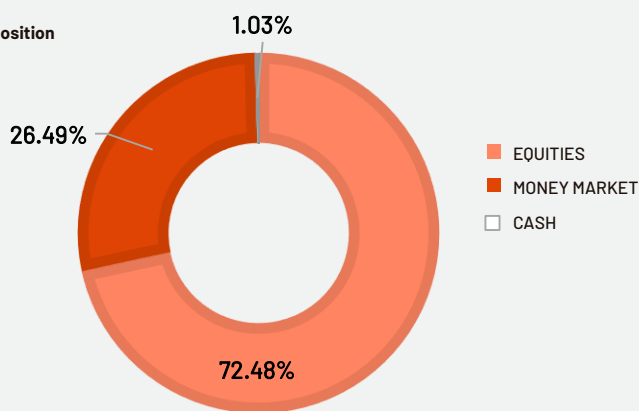
### Q1'23 Outlook

In the first quarter of 2023, we expect weaker purchase enthusiasm in the equities market due to the upcoming elections, a weak local currency and insecurity in the country. Although, we may see a slight bullish bias in the first few months of 2023, as we expect investors will take positions ahead of the earnings season.

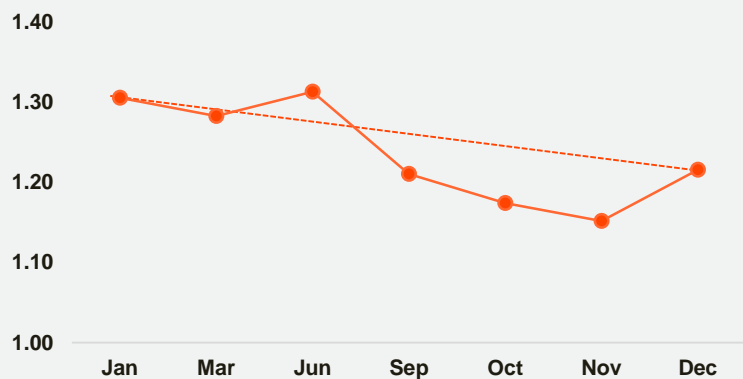
## Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	38.42%
FMCG	27.88%
I.C.T	23.20%
Agriculture	4.23%
Industrial	3.64%
Oil & Gas	2.64%

### Fund Composition



### EIF HISTORICAL UNIT PRICE



## Fund Features

<b>Launch Date</b>	2018
<b>Net Assets</b>	N335.39 million
<b>Domiciliary</b>	Nigeria
<b>Currency</b>	NG Naira
<b>Objective</b>	Dividend Income Growth Stock
<b>Financial Year End</b>	December
<b>Minimum Initial Investment</b>	N5,000
<b>Subsequent</b>	Multiples of N1,000
<b>Management Fee</b>	1.5% of Net Asset Value (NAV)
<b>Risk Tolerance</b>	High
<b>Permissible Asset Class</b>	Fixed Income (5% - 30%) Equities (70% - 95%) Cash (0% - 5%)
<b>Composite Benchmark</b>	Equities (ASI) - 70% Fixed Income - 30%
<b>Fund Price (31-Dec- 22)</b>	Bid: 1.1989 Offer: 1.2290
<b>Custodian</b>	Citibank Nigeria Ltd
<b>Trustee</b>	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 60025

## 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 year in green zone as NGX All-Share Index and market capitalization appreciated by 19.98% and 25.19% to close at 51,251.06 points and N27.92trillion respectively (as at 30th of December 2022). The monetary policy committee at its last meeting of the year further tightened the benchmark rate, as it raised the monetary policy rate by an additional 100bps to 16.5%.

At the end of the period under review, the fund's Asset under Management (AuM) grew marginally by 0.47% to N2.16 Billion as at the end of Q4' 2022 from N2.15 Billion in Q3' 2022.

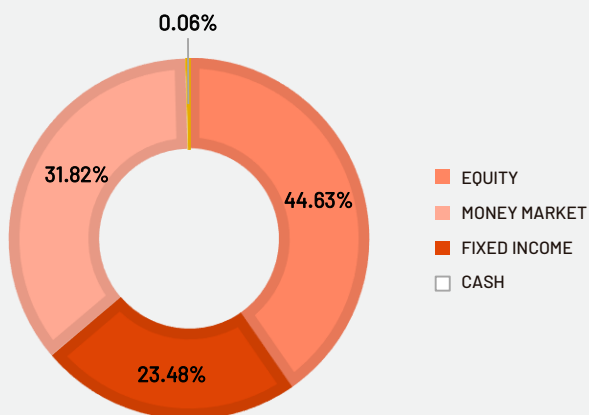
### Q1'23 Outlook

We do not see further rate hikes in Q1-2023, as the Central Bank of Nigeria awaits the effect the last rate hike has on inflation and economic growth. In addition, we may see increased demand for treasury bills and bonds as investors are expected to avoid risky assets (such as equities) during the election period. Consequently, we forecast a slight setback in yields in Q1-2023, when compared with Q4-2022.

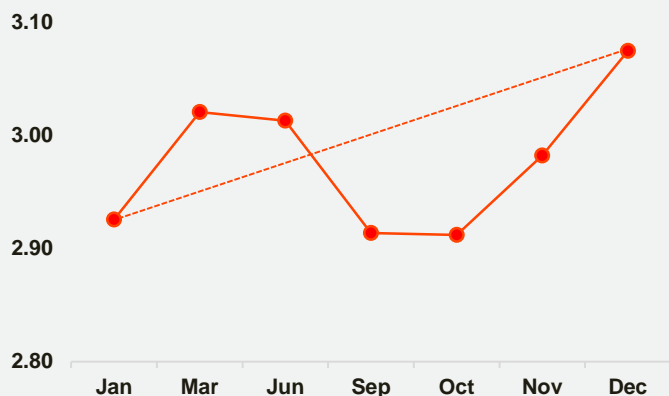
## Fund Composition and Performance

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

### Fund Composition



### BF HISTORICAL UNIT PRICE



## Fund Features

Launch Date	2002
Net Assets	₦2.16 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-Dec-22)	Bid: 3.0523 Offer: 3.0930
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

There was an uptick in Nigeria's Eurobond yield which was as a result of the risk-off sentiment by investors in the international debt market due to a rise in global interest rates (e.g., the US Federal Reserves Rate) and continued Geo-political tension in the Eurozone.

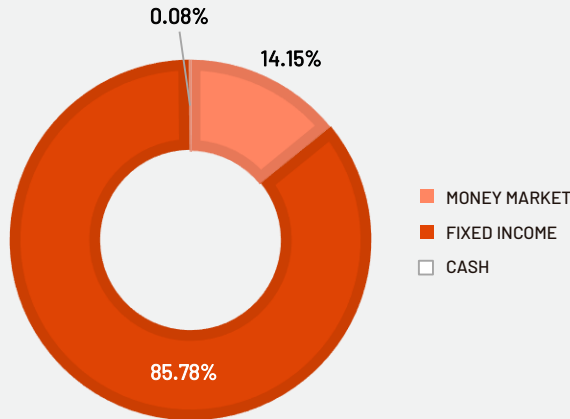
At the end of the period under review, the fund's Asset under Management (AuM) closed at \$33.76 million as at the end of Q4' 2022, while return on this fund closed at 7.43% as at December 2022, an increase of 85bps from 6.58% at the end of Q3' 2022.

### Q1'23 Outlook

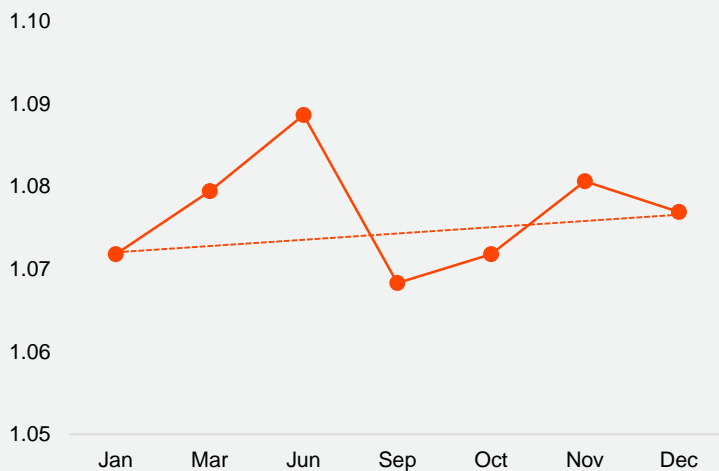
With the persistent fall in country's FX reserve, increased national insecurity, upcoming elections and recent Ghana debt restructuring, foreign portfolio investors may avoid instruments on the Sub-Saharan Africa curve in the first quarter of 2023. However, with the expectation of a Naira devaluation, domestic investors may diversify their investments to include Nigerian listed Eurobonds.

## Fund Composition and Performance

### Fund Composition



### Dollar Fund Historical Unit Price



## Fund Features

<b>Launch Date</b>	2018
<b>Net Assets</b>	\$33.76 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 (31-Dec-22)</b>	Bid: 1.0769 Offer: 1.0769
<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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