

Global Economic Review

Resilient Growth Amid Persistent Challenges

Notwithstanding the rising interest rates, high inflation and cumulative effects of the Russia-Ukraine war, global economy witnessed gradual recovery in Q2-2023: On a year-on-year basis, the economy of the United States, United Kingdom, China and Nigeria improved by 2.6%, 0.4%, 6.3% and 2.5% in Q2-2023, from 1.8%, 0.2%, 4.5% and 2.3% respectively in Q1-2023, as quick recovery in supply chain distribution, strong growth in consumption, improvement in shipping costs and suppliers' delivery times contributed to improved economic productivity during the period.

Most Apex Banks Maintain Contractionary Monetary Policy in Q3-2023

- To keep fighting high inflation, the US Fed Reserves raised the fed funds rate by another 25 basis points to 5.50% in Q3-2023.
- Also, the Bank of England (BOE) raised policy interest rate another by 25 basis points to 5.25% in Q3-2023, keeping the borrowing cost at their highest level since 2008.

Crude Oil Edges Up on Extended OPEC+ Supply Cuts

- The quarterly average price of Brent crude oil and WTI rose by 10.5% and 11.6% to \$85.92 and \$82.22 per barrel respectively in Q3-2023 (quarter-on-quarter), mainly driven by the expectation of a widening supply deficit as Saudi Arabia and Russia extended voluntary crude oil supply cuts until the end of the year.

Inflation Remains Well Above the Targets of Most Central Banks

The efforts of some central banks to maintain a hawkish stance yielded positive results in some countries, as inflation slowed down in the United Kingdom and Euro areas in Q3-2023, though above their respective targets. However, the rising oil prices resulted in higher inflation in the United States, China and Japan in Q3-2023, though remaining at single digit. Also, inflation in most African countries maintained an upward trajectory and remained well above the pre-pandemic levels in Nigeria, Ghana, South-Africa, Egypt, Gambia, among others. The high inflation in Africa in Q3-2023 was driven mainly by high commodity prices, high input costs and weak local currencies.

Domestic Economic Review

Nigeria's GDP Grows by 2.5% in Q2-2023

- Despite the challenging economic conditions, the real Gross Domestic Product (GDP) of Nigeria grew by 2.51% (year-on-year) in Q2-2023, mainly driven by strong growth in the non-oil sector. The GDP growth in Q2-2023 is lower than the 3.54% recorded in Q2-2022 but higher than the 2.31% recorded in Q1-2023. The Non-oil sector grew by 3.58% in Q2-2023 (year-on-year), mainly driven by Information and Communication, Financial Institutions, Trade, Agriculture, Manufacturing, Construction, and Real Estate sector. However, the oil sector remains in recession as it fell further by 13.43% in Q2-2023 (year-on-year), mainly due to a significant fall in oil production during the period.

Nigeria's Inflation Maintains an Upward Trajectory in Q3-2023

- In Q1-2023, Nigeria's inflation increased persistently to 24.08% and 25.80% in July and August respectively (June 2023: 22.79%), mainly driven by the cumulative effects of PMS subsidy removal, electricity tariff hike, insecurity in food producing States, depreciation of the Naira, rising global commodity prices and high cost of inputs. Food inflation increased to 26.98% and 29.34% in July and August 2023 respectively (June 2023: 25.25%) while core inflation grew further to 20.47% and 21.15% in July and August 2023 respectively (June 2023: 20.06%).

CBN Maintains a Hawkish Stance in Q3-2023

- The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) raised Monetary Policy Rate (MPR) by another 25 bps to 18.75% in Q3-2023, in a bid to fight rising inflation and reduce the negative real return. Also, the Apex bank adjusted the asymmetric corridor to +100/-300 basis points around the MPR in Q3-2023 (Q2-2023: +100/-700), while keeping other policy parameters constant during the period: Cash Reserve Ratio (CRR) – 32.5%; Liquidity Ratio – 30.0%.

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Q4 2023 Outlook

Global Economy

- Global economic growth may slow down in Q4-2023 amid widening divergences among economic sectors and regions. For instance, climate change and the recent hike in commodity prices, particularly energy prices, could lead to rising inflation, extension of policy tightening and lower economic productivity in various countries. Consequently, financial sector turbulence may likely resurface as markets adjust to further policy tightening by central banks. In addition, possible escalation of ongoing war between Israel and Hamas, the prolonged real estate slump and depressed consumption in China is expected to have negative impact on the global economic growth in Q4-2023.
- We expect global oil production to depress in Q4-2023 due to production cut by OPEC+ and possible escalation of Israel-Hamas war. Although Israel is not a major oil producer and no major oil infrastructure runs close to the Gaza Strip, the war has the potential to disrupt things in Middle Eastern regions, which accounts for more than one third of global seaborne oil trade. Consequently, we anticipate a further increase in the prices of crude oil in the commodity market.
- Although, we expect the global inflation for FY-2023 to be lower than the 8.7% recorded in FY-2022, we may likely see a slight increase in inflation in various countries in Q4-2023 due to the recent rise in commodity prices (energy and agriculture) and extreme weather-related events in various countries. Consequently, we upgrade our forecast for FY-2023 Global inflation to 7.2%, which is significantly higher than the pre-pandemic (2017-19) levels of about 3.5%.
- The expectation of high inflation may trigger more restrictive monetary policies in Q4-2023 in various countries, as central banks continue to fight persistent increase in the general price of goods and services. Nevertheless, we expect apex banks to be less aggressive in monetary policy tightening in a bid to avoid economic recession.
- We expect the US dollar to appreciate against its major peers in Q4-2023 due the assumption of relatively high yields and possible escalation of Israel-Hamas war. Since the US dollar is seen as a haven in times of trouble, we expect improved capital inflow into the US fixed-income market. Although we expect yields in the US fixed-income market to remain high, we may likely see a slight setback in the average yield due to the expectation of improved demand for US treasury/bonds.

Domestic Economy

- We maintain that Nigeria's GDP growth will slow down in Q3-2023 and Q4-2023, as we expect the PMS subsidy removal, the devaluation of the Naira and electricity tariff hike to continue to have negative impacts on economic productivity in the country. Although we expect the nation's oil sector to remain in recession in H2-2023, we anticipate a slight improvement due to the expectation of an increase in the price of crude oil during the quarter.
- We also maintain that inflation will rise further in Q4-2023 due to the cumulative effects of PMS (petrol) subsidy removal, depreciation of the Naira, electricity tariff hike, rising global commodity prices and lingering security challenges in key food producing areas.
- The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) is expected to maintain a contractionary stance in Q4-2023, as we expect the Apex bank to respond to the rising inflation and high negative real return.

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MONEY MARKET FUND



Guaranty Trust Fund Managers Ltd
RC 60005

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 increased during the quarter under review due to more subscriptions. The AuM grew by 5.4% from N20.5Billion to close at N21.5Billion in the quarter under review. The net return for the Fund increased by 74bps to close at 11.10% at the end of Q3'2023.

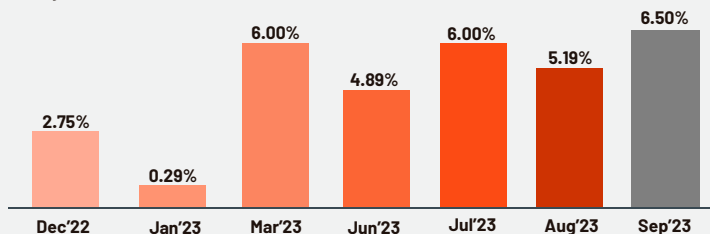
We witnessed a further increase in monetary policy rate by an additional 25bps to 18.75% in Q3'2023. The major consideration focused on the persistent rise in inflation and its potential adverse effect on output growth and household income. We witnessed policy decisions around subsidy removal, exchange rate liberalization and disbursement of palliatives, which had pass-through effects on inflation. Mixed liquidity position in the system in the course of the quarter resulted in moderation of interest rates in the money market.

Q4'23 Outlook

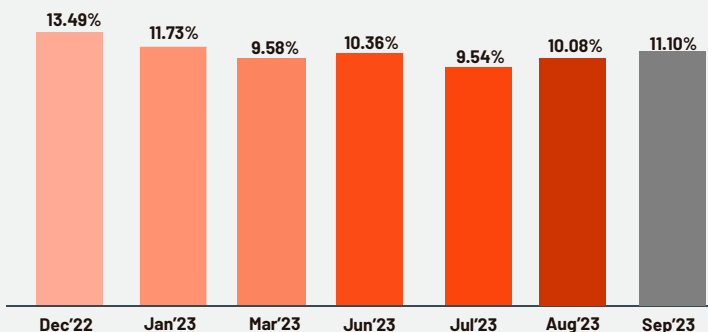
We do not expect the Federal Government of Nigeria will achieve its objective of maintaining a lower interest rate environment in Q4-2023, due to the expectation of high inflationary pressures and an illiquid foreign exchange market during the period. Consequently, we expect local investors to keep demanding higher rates for holding treasury bills and other money market instruments in Q4-2023.

Fund Composition and Performance

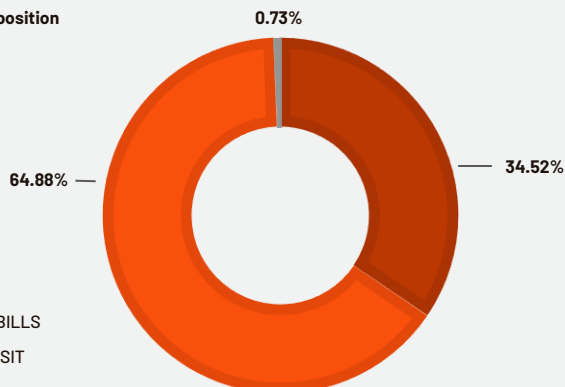
91 days TBills



Fund Performance



Fund Composition



Fund Features

Launch Date	1990
Net Assets	₦21.53 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 (30-Sep-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

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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 ₦11.15Billion at the end of Q3'2023.

During the period, The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) raised Monetary Policy Rate (MPR) by another 25 bps to 18.75% in Q3-2023, in a bid to keep fighting the rising inflation and reduce the negative real return in the Nigerian market. Also, the Apex bank adjusted the asymmetric corridor to +100/-300 basis points around the MPR in Q3-2023 (Q2-2023: +100/-700).

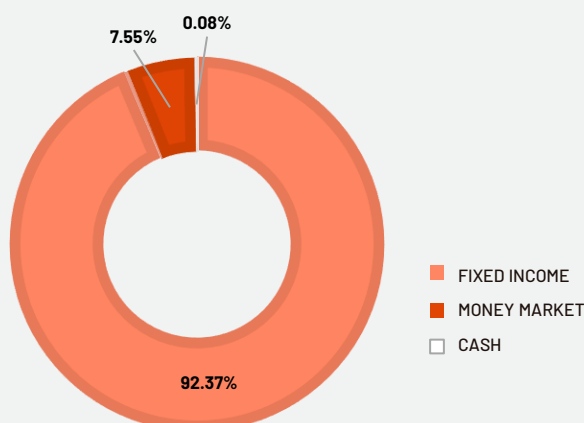
Q4'23 Outlook

We maintain that yields in the bonds and treasury bills market will remain high in Q4-2023, mainly due to the expectation of high inflation and tight monetary policy during the period. Nonetheless, the decision of the government to reduce debt service-to-revenue ratio will likely widen the negative real return, as inflation is estimated to approach 30% in Q4-2023.

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 2023	6.00%	N/A
Apr - Jun 2023	6.00%	N/A
Jul - Sep 2023	6.00%	N/A

Fund Composition



Fund Features

Launch Date	2007
Net Assets	₦11.15Billion
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 (30-Sep-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

Head Office

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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 16.36% to N532.05 million from N457.21 million recorded in the Q2' 2023. The Fund has invested 72.73% in equities, 27.16% in money market instruments while 0.11% remained as cash.

The Nigerian equities market continued its positive performance returning 31.36% Year to Date (YTD) in September 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 66,382 and ₦36.33trillion respectively. In Q3'23, the monetary policy committee further raised the monetary policy rate by an additional 25bps to 18.75% in a bid to continue the fight against rising inflation.

Q4'23 Outlook

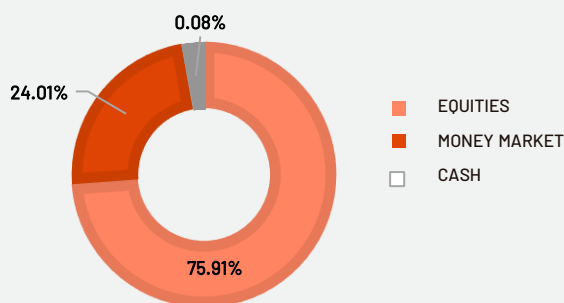
We expect positive sentiments to continue to dominate the Nigerian equities market in Q4-2023, as we expect the market friendly policies of the government and expectation of final dividend payments to boost the confidence of investors.

Nevertheless, we may likely witness profit-taking from a few stocks in Q4-2023, especially from the stocks with weak fundamentals and poor dividend payment history.

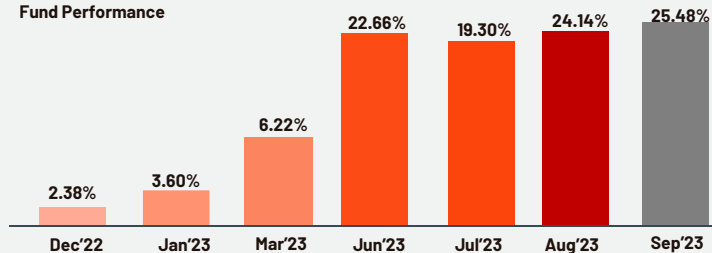
Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	40.97%
FMCG	24.24%
I.C.T	18.06%
Agriculture	10.69%
Oil & Gas	3.26%
Industrial	2.79%

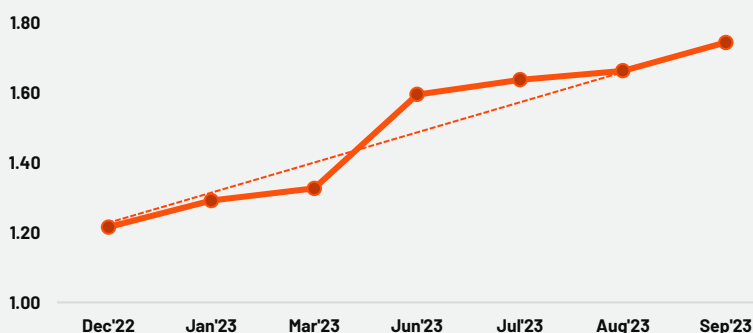
Fund Composition



Fund Performance



EIF HISTORICAL UNIT PRICE



Fund Features

Launch Date	2018
Net Assets	N532.05 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 (30-Sep-23)	Bid: 1.7180 Offer: 1.7640
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 continued its positive performance returning 31.36% Year to Date (YTD) in September 2023. The market policies of the new government continued to yield positive results as the NGX All-Share Index and Market Capitalization appreciated to close at 66,382 and ₦36.33trillion respectively. In Q3'23, the monetary policy committee further raised the monetary policy rate by an additional 25bps to 18.75%, in a bid to continue the fight against rising inflation.

At the end of the period under review, the fund's Asset under Management (AuM) grew marginally by 3.82% to N2.65 Billion from N2.55 Billion in Q2' 2023.

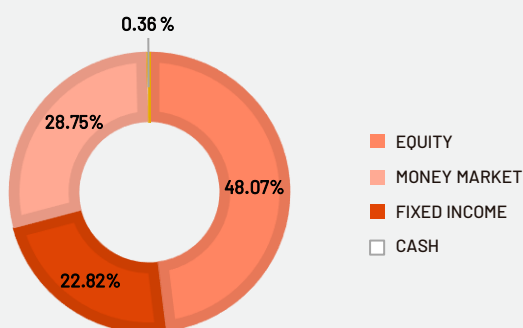
Q4'23 Outlook

We maintain that yields in the bonds and treasury bills market will remain high in Q4-2023, mainly due to the expectation of high inflation and tight monetary policy during the period. In addition, we anticipate positive sentiments in Nigerian equities market in Q4-2023 as we expect the market friendly policies of the government and expectation of final dividend payments to boost the confidence of investors.

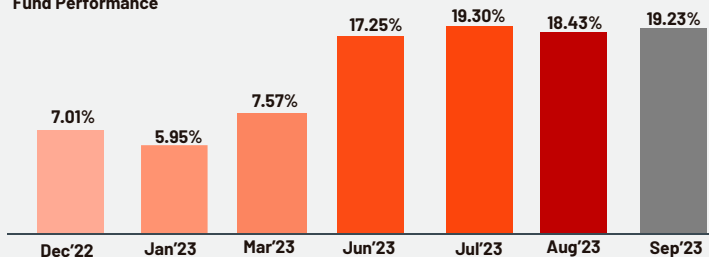
Fund Composition and Performance

EQUITY SECTORAL ALLOCATION	
Sector	Exposure
Banking	44.12%
FMCG	27.97%
I.C.T	24.76%
Agriculture	6.69%
Industrial	3.15%

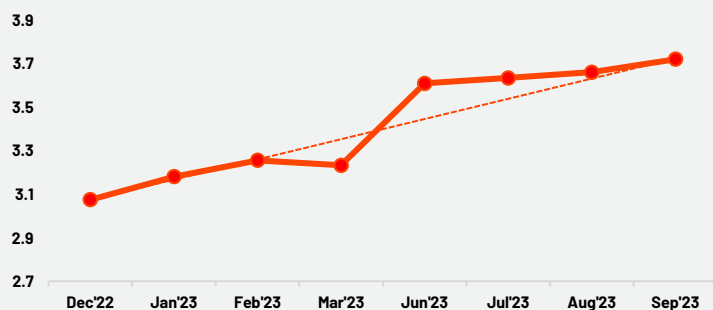
Fund Composition



Fund Performance



BF HISTORICAL UNIT PRICE



Fund Features

Launch Date	2002
Net Assets	₦2.65 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 (30-Sep-23)	Bid: 3.6808 Offer: 3.7514
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

Despite the improvement in the price of crude oil, Nigeria's foreign exchange reserves declined to \$33.28bn from \$34.2bn in June 2023, due to supply dearth and increased demand for the dollar. We saw the average yields in Sub-Saharan Africa Eurobonds increase by 109bps to 11.41% in September from 10.32% in June 2023, as investors considered the setback in Nigeria's external reserves and JP Morgan's expose on CBN's net FX reserves to be c.\$3.7 billion at the end of last year, from US\$14.0 billion at end-2021.

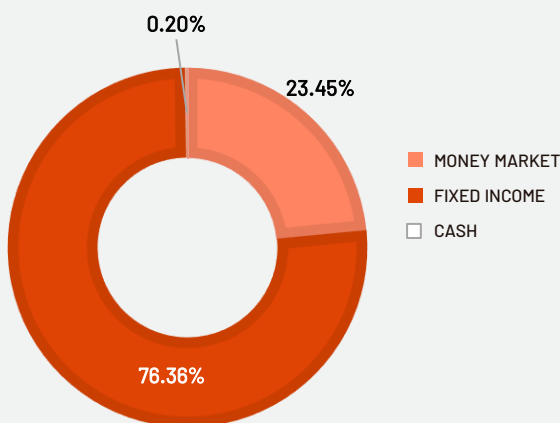
At the end of the period under review, the fund's Asset under Management (AuM) increased by 60.4% to close at \$23.64 million from \$14.74million in Q2'2023, while return on this fund closed at 7.60% at the end of Q3' 2023.

Q4'23 Outlook

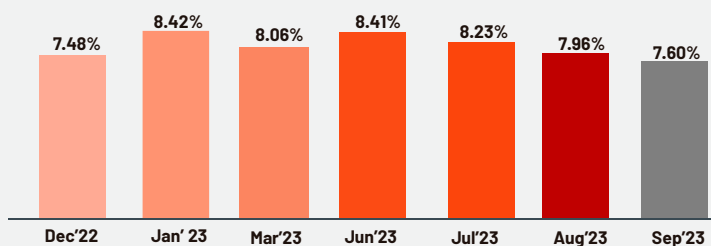
We expect the average yield of Nigeria's Eurobonds to remain high in Q4-2023, as we expect investors to continue to react to the CBN 2022 audited report, JP Morgan report, persistent fall in country's external reserves and recent coups in some African countries.

Fund Composition and Performance

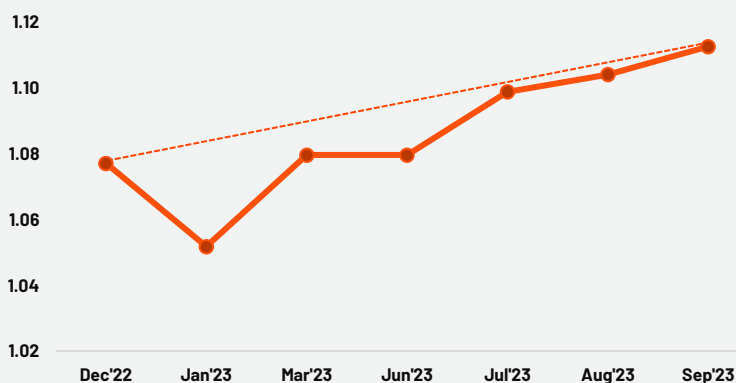
Fund Composition



Fund Performance



Dollar Fund Historical Unit Price



Fund Features

Launch Date	2018
Net Assets	\$23.64 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 (30-Sep-23)	Bid: 1.1123 Offer: 1.1123
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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