



FSDH DOLLAR FUND

Q1 2023 Fund Managers Report

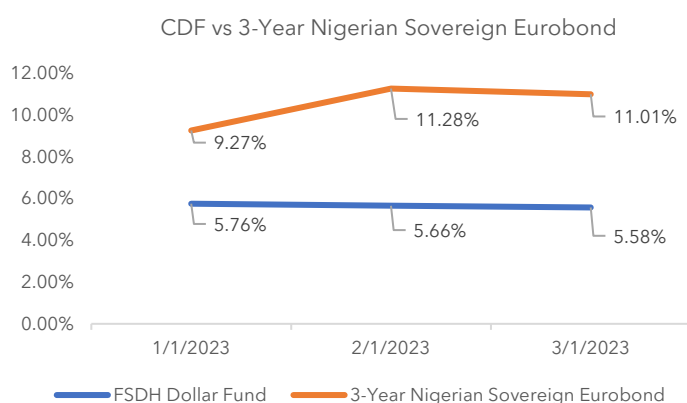
BACKGROUND INFORMATION

The FSDH Dollar Fund "FDF" is an actively managed open-ended unit trust scheme that invests in Dollar denominated Eurobonds, floated by the Federal Government of Nigeria, as well as top-tier corporate.

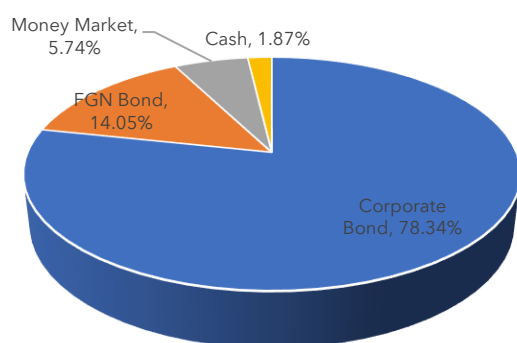
INVESTMENT OBJECTIVE

The objective of the Fund is aimed to provide currency diversification, income generation and stable growth in USD. It seeks to achieve this by investing a minimum of 75% of the portfolio in high quality Eurobonds, maximum of 25% in short term USD deposits approved and registered by the Securities and Exchange Commission of Nigeria. Investors can expect to receive competitive short to medium term capital appreciation on their USD holdings invested in the Fund better than they would receive on domiciliary deposits.

Fund Performance vs. benchmark



ASSET ALLOCATION (% OF TOTAL ASSETS)



UPDATE ON THE FDF

You can now monitor your investment online by viewing your statement on our website www.fsdhaml.com.

REVIEW OF THE FUND

Inception date:	August 2020
Net Asset Value:	\$3.74Mn
Base Currency	US Dollar
Management Fee	1.00%
Minimum Investment	\$1,000.00
Investment Managers Rating:	BBB + Long / A2 Short Term (GCR)
Current Asset Allocation:	92.39% in Bonds, 5.74% in Fixed Deposit Instruments and Cash of 1.87%.
Benchmark:	Composite of 3-yr FGN sovereign bond
Risk Profile:	Medium
Fund Custodian:	United Bank for Africa
Fund Trustee:	Custodian Trustees
Auditors:	KPMG Towers

Fund Manager's Comment

The fund returned 5.58% in Q1 2023 reporting period compared to 4.28% recorded in Q4 2022. The improved performance was underscored by better rate on fixed deposit placements done in the quarter. However, the Fund mildly underperformed the benchmark as yields on Eurobond went north amid volatile microeconomic condition. The Russia-Ukraine war and the hawkish stance of Central Banks to tame inflation further impacted the overall returns of the fund. Particularly, the action of the Fed resulted in stronger dollars, and a stronger dollar created more impetus for global investors to fly to quality and safety. This caused sell down in Sub-Saharan African sovereign, The default of Ghana on her sovereign debt in the year with Zambia having earlier defaulted in 2020 further cast doubt on the ability of the sun-Saharan Africa debts to be serviced.

Strategy

Our major strategy is to aggressively drive subscriptions into the account to enhance liquidity and drive-up returns by investing in Eurobonds at very attractive interest rate; yield in this space appears very attractive as it trades almost at the same level with local bond yield. Also, with the expectation of improved dollar liquidity post-election amidst the expected convergence of the exchange rate and improved fiscal position (due to removal of fuel subsidy and stronger revenue drive), we see a mid to long time repricing of Nigeria sovereigns which could support our desire to invest as early as possible to harvest future capital gains.

We also expect to continue to use our risk management tools to select high quality corporates into the fund.

Increasing your investment in the FSDH Dollar Fund just got easier!

- From the comfort of your space, you can increase your investment in the FDF with as little as \$1,000 through any of the following:
- Automatic transfer sums from any domiciliary account to the funds custodian account.
- Transfer the investment sum to the funds' custodian account.

You can also reach out to us via email at coralfunds@fsdhgroup.com. Follow us on twitter and Instagram via @Fsdhcoralfunds and like our facebook page; FSDH Coral Funds www.facebook.com/coralfunds