

CORONATION

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Mutual Funds Factsheet

January 2024

Macroeconomic and Market Review

January 2024

Overview

Investors in the NGX All-Share Index enjoyed a 35.3% return in January, an exceptional return even by the standards of January rallies in Nigeria (which have happened 80% of the time over the past 15 years with an average return of 8.1%). Much of the gain was concentrated in three industrial stocks and, if these had not rallied, the market's return would have been a smaller (but still impressive) 15.4%. January rallies, although they have a habit of correcting after January and giving opportunities to buy more cheaply later in the year, also tend to indicate a positive return from the equity market for the full year.

In the Naira-denominated fixed income market there continued to be much uncertainty, as had been the case in December. Open Market Operation bills, sold by the CBN primarily to banks, achieved yields at auction of some 20% or more for one-year paper, while Treasury bills at auction sold for much lower yields. In the context of a central bank fighting inflation, which had reached 28.92% per annum in December, this appeared confusing. While it seems clear that Treasury bill yields are very likely to be better than last year, the market still awaits Treasury bill auctions in February to see whether yields close to 20% pa or more can be achieved.

Fixed Income

The CBN offered a total of N92.60bn at its Treasury bill auctions during the month. Subscriptions reached the unusually high level of N2.23tn. As a result, stop rates declined to 5.00%, 7.15%, and 11.54% at the 91-day, 182-day, and 364-day maturities, respectively.

Amounts offered by the CBN at its OMO auctions during the month were significantly higher than the T-bill auctions, with a total of N950.00bn bills at auction. This reflects the CBN's continued efforts to manage system liquidity, basically draining liquidity out of the banking sector. Total sales reached N1.14tn and stop rates settled at 10.00%, 13.50%, and 17.00% on the 92, 180, and 365-day tenors, respectively.

In the primary market for FGN Bonds, the Debt Management Office re-opened issues for the Mar-27, Apr-29, Jun-33, and Jun-38 bonds. The total amount offered was N360.00bn and was oversubscribed by N244.57bn. However, just N418.21bn was allotted with rates unchanged at 15.00%, 15.50%, 16.00%, and 16.50%, respectively.

Activity in the secondary fixed-income market was predominantly bearish for the month as the market saw increased yields both on Treasury bills and FGN bonds. The sell-offs in the market were largely linked to investors anticipating attractive yields at the various auctions.

Average yields in the Treasury bill market added 286 basis points to 9.15% pa, with sell-offs, particularly at the long-end (average yields: +387bps to 12.96%) of the yield spectrum.

In the FGN bonds market, average yields settled at 14.49% pa (+36bps), with sell-offs majorly around the short-end (average yields: 83bps to 12.44%) and mid-point (40bps to 14.94%) of the curve.

Equities

Beginning the year on a good note, the bulls pushed the market into positive terrain in January as the local bourse returned 35.28% to reach 101,154.46 points. This is the highest return for a January rally over the past 15 years.

Impressive gains among the index heavyweights, Dangote Cement (+138.51%), BUA Cement (+90.72%), BUA Foods (+40.54%), and Presco (+34.20%) contributed to the market's positive performance for the month, and were sufficient to offset losses in Zenith Bank (-9.18%), Cadbury Nigeria (-8.95%), Guaranty Trust Holding Company (-8.64%), and FBN Holdings (-7.86%).

Analysing sectoral performances for the month, the NGX Industrial Goods index led with an impressive return of 107.86%, followed by the NGX30 index (+36.43%), the NGX Consumer Goods index (+24.33%), the NGX Insurance index (+21.68%), the NGX Oil and Gas index (+19.96%), and the NGX Pension index (+12.94%). Profit-taking activities on banking tickers which had gained significantly earlier in the month pushed the NGX Banking index (-3.37%) into the red.

Oil

The Brent price closed at US\$81.71 per barrel for the month, gaining 6.06%. The commodity traded at an average price of US\$79.15 per barrel 3.7% lower than the average price of US\$82.19 per barrel during 2023.

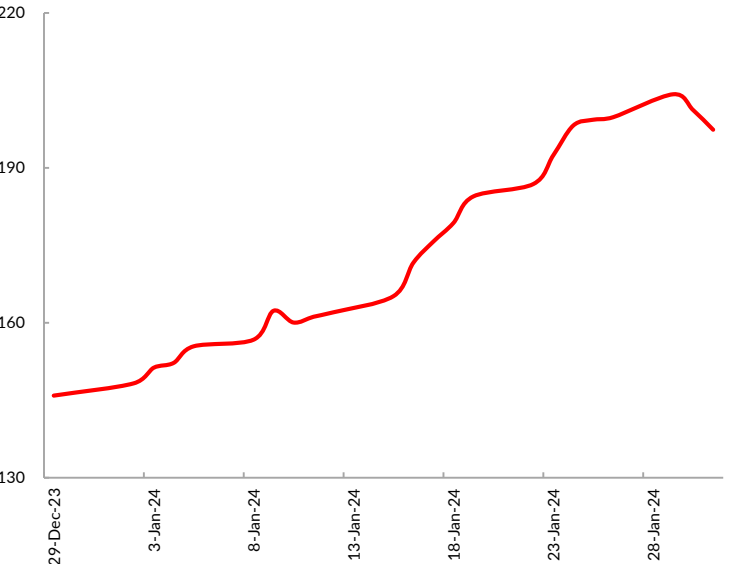
Throughout the month, oil prices experienced fluctuating movements, initially driven upwards by geopolitical tensions, only to later relinquish those gains. Preliminary analysis of OPEC+ export levels for January indicates a static level of output, including among nations that had committed to significant production reductions for the first quarter. Market analysts' estimates suggest that exports from OPEC+ countries, which had announced plans for more substantial cuts, remained steady at 15.4 million barrels per day in January, showing no variation from December's figures.

Currency

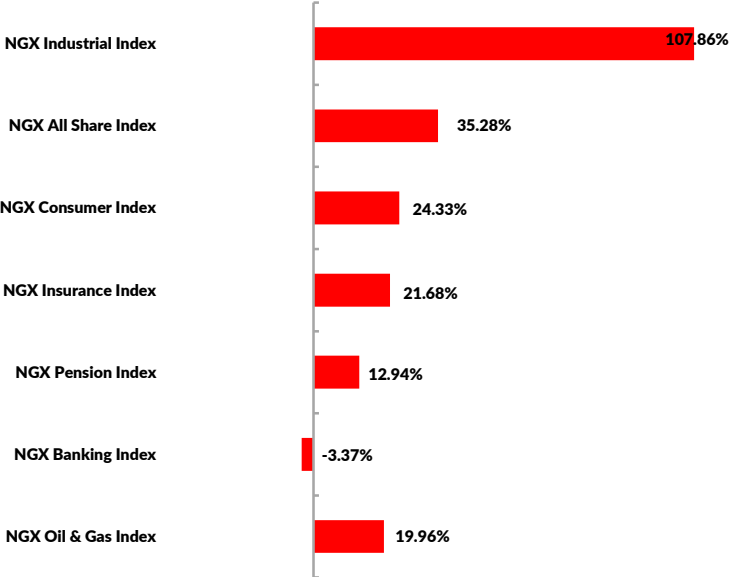
Supply challenges continued to exert pressure on the FX market in January. The NAFEM window rate fell 37.68% to N1,455.59/US\$1, while the parallel market rate lost 20.92% to close at N1,530.00/US\$1. The huge depreciation at the official window narrowed the gap with the street market to 5.11%. Furthermore, the CBN's reported gross foreign reserve gained 1.34% to close the month at US\$33.35bn.

The CBN continued with its efforts to clear the foreign exchange backlog during the month, especially with airlines and banks. However, these moves, we believe, are still short-term and have only limited impacts on the FX market as supply issues are yet to be fully addressed.

NGX ASI, rebased 31 Dec 2023 =100



NGX sub-indices returns, 2024 YTD – 31 January 2024



Source: NGX, Bloomberg, Coronation Research

Global Economic Outlook

In contrast with December, when US government bond yields fell consistently, yields fluctuated in January between 3.93% pa and 4.18% pa. The bond market was reacting to evidence of strong economic growth in the US which suggested that the Federal Reserve may take its time this year cutting its target funds rate, the upper band of which remains at 5.50% pa. An improvement in growth prospects was the theme of the IMF's outlook report for 2024, which upgraded its previous 2.9% forecast for global growth to 3.1%, driven by improved growth prospects in the US.

Even if the US Federal Reserve takes its time cutting rates this year, it seems clear that the threat of inflation in most developed economies has receded, although consumers' estimates of inflation in 2024 remain quite high (for example, 5.2% in the US, 3.2% in the Eurozone). The last part of the inflation-beating exercise can be the most difficult as monetary authorities want to avoid cutting rates too early. The result is uncertainty about when rates will be cut and by how much (one estimate, is for the US to cut by 0.25% three times this year): but there is no debate as to whether rates will be cut this year.

Coronation Money Market Fund

FUND OVERVIEW

The Money Market Fund is an open-ended fund that invests in low-risk short-term instruments such as Treasury Bills, Term Deposits, Commercial Papers and other Money Market securities.

Investment Objective:

The aim of the Fund is to generate regular income by actively investing in investment-grade money market instruments.

Investment Strategy:

The Fund Manager shall adopt and maintain an investment strategy that is designed to ensure a steady return on capital and ample liquidity.
The fund will strive to maintain an average duration of not more than 90 days.

Suitable Investor:

The Fund may be suitable for short-term focused investors who are risk-averse and are seeking investments for capital preservation, moderate income and liquidity.

Investment Philosophy

We employ a fundamental investment process to construct a diversified portfolio of high-quality money market securities that aim to deliver steady returns and provide for liquidity needs.

Our bottom-up credit selection and tactical trading in the most liquid instruments and fundamental process combined with robust, top-down rigorous risk management tools designed to meet our objectives of liquidity and consistent excess returns.

Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by the Investment Committees with support from the Research team with market insight to minimize risk exposure.

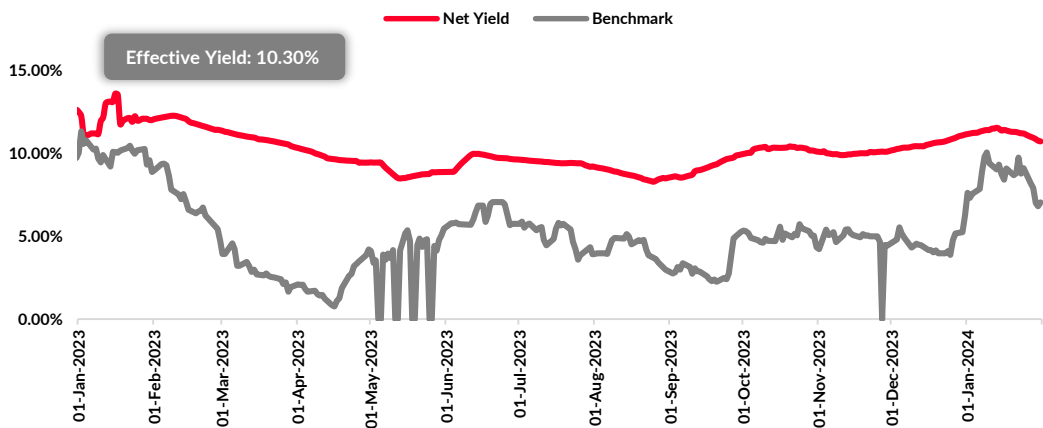
Risk Management

- High-quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Issuers concentration limits and rigorous selection criteria
- Research-based macro risk analysis and multiple level review
- Independent risk and compliance review
- Disciplined investment process and continuous value analysis relative to opportunity set
- Clear accountabilities and cross checks

HISTORICAL 30-DAY ROLLING AVERAGE YIELD

	January	February	March	April	May	June	July	August	September	October	November	December
2024	10.73%											
2023	12.08%	11.40%	10.36%	9.45%	8.88%	9.64%	9.21%	8.53%	9.94%	10.11%	10.15%	11.14%
2022	8.10%	7.70%	6.34%	5.67%	5.19%	4.86%	6.62%	10.19%	10.59%	11.09%	12.21%	12.18%
2021	1.45%	1.15%	0.86%	1.36%	2.96%	4.83%	6.80%	7.91%	8.81%	8.14%	8.01%	8.32%
2020	5.99%	5.50%	4.67%	4.48%	4.16%	3.78%	3.71%	3.34%	3.32%	2.24%	1.35%	0.87%
2019	11.96%	13.29%	14.50%	11.94%	12.46%	12.41%	12.86%	11.10%	3.32%	11.25%	10.65%	9.98%

YEAR TO DATE 30 DAY ROLLING AVERAGE YIELD VS. BENCHMARK



RISK - REWARD PROFILE

1	2	3	4	5	6	7
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Lower risk / Lower return Higher risk / Higher return

FUND FACTS

Fund launch date	23 September 2017
Fund type	Open - Ended
Asset class	Money Market
Risk profile	Low
Fund rating	A+(f)
Investment Manager rating	A-(IM)
Benchmark	91 Day Treasury Bills
Currency	Nigerian Naira
Accounting	Amortized Cost
Fund size	₦5.52 Billion
Offer price	₦1.00
Income distribution	Quarterly
Minimum holding period	1 month
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

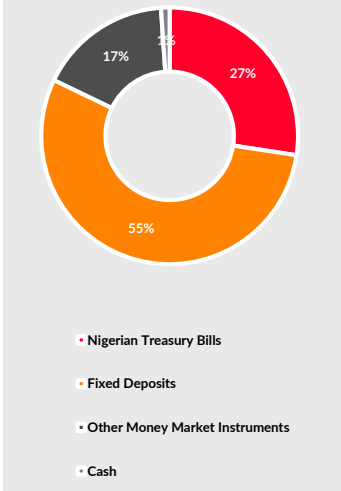
FUND FEES

Management fees	1.0% p.a.
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FUND CHARGES

Entry charge	None
Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



Coronation Fixed Income Dollar Fund

FUND OVERVIEW

The primary objective of the Fund is to offer Unit Holders the opportunity for short-term capital preservation and income generation by investing in a well-diversified portfolio of short-term dollar-denominated fixed income securities.

Investment Objective:

The core objective of the Fund is to generate short-term capital preservation and income through investments in a diversified range of short-term fixed income securities.

Investment Strategies:

The Fund Manager will employ an investment strategy focused on achieving capital preservation, generating income, and ensuring liquidity. The fund will aim to maintain an average duration of not more than 1 year, emphasizing investments in short-term fixed income securities with robust liquidity profiles.

Suitable Investor

The Fund is suitable for investors seeking short-term investment options with a focus on capital preservation and generating consistent income. Investors looking for relatively lower risk exposure over the short term are well-aligned with the Fund's objectives.

Investment Philosophy

Our investment philosophy centers on constructing a diversified portfolio of high-quality short-term fixed income securities. The aim is to deliver steady income with controlled volatility and capital preservation. This is achieved through meticulous bottom-up credit selection, tactical trading in liquid instruments, and a strong emphasis on risk management.

Our approach combines fundamental analysis, rigorous risk management tools, and a top-down perspective to maintain liquidity objectives while striving for consistent income generation over the short term.

Risk Management

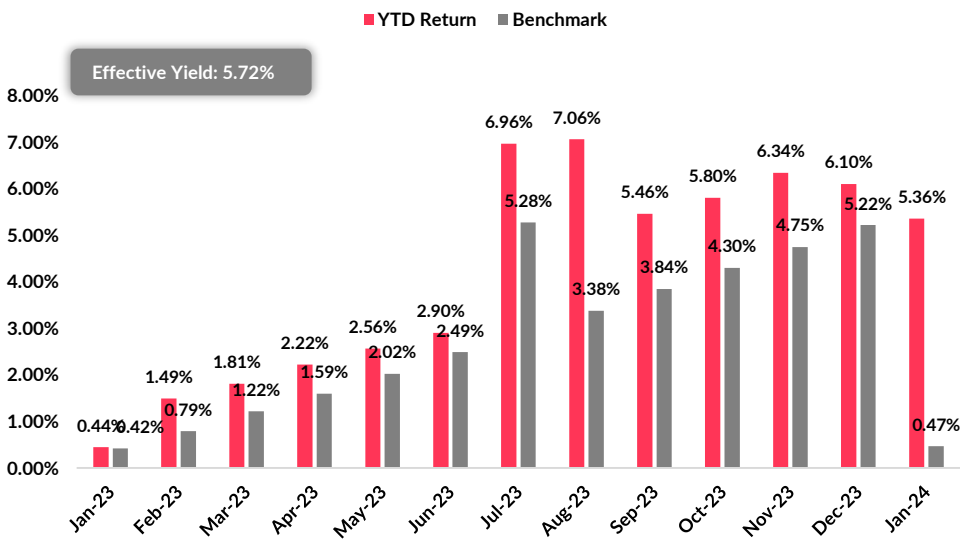
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on investing in high-quality issuers to reduce credit risk and employs strategies to limit interest rate risk through controlled durations.

We maintain issuer concentration limits and adhere to stringent selection criteria to ensure portfolio diversification. Our risk management approach includes in-depth macro risk analysis, multi-level reviews, and independent risk and compliance assessments.

HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December
2024	5.36%											
2023	0.44%	1.49%	1.81%	2.22%	2.56%	2.90%	**6.96%	7.06%	5.46%	5.80%	6.34%	6.10%

YEAR TO DATE 30 DAY ROLLING AVERAGE YIELD VS. BENCHMARK



RISK - REWARD PROFILE

1	2	3	4	5	6	7
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Lower risk / Lower return Higher risk / Higher return

FUND FACTS

Fund launch date	February 2020
Fund type	Open - Ended
Asset class	Fixed income
Risk profile	Low - Moderate
Investment Manager rating	A-(IM)*
Benchmark	Current US 6-month T-bill.
Currency	U.S. Dollar
Accounting	Mark-to-Market
Fund size	\$2.66 Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

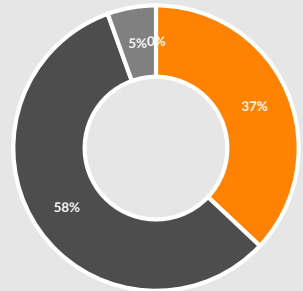
FUND FEES

Management fees	1.0% p.a.
Others	1.50%

FUND CHARGES

Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



Coronation Balanced Fund

FUND OVERVIEW

Investment Objective:

The objective of the Fund is to achieve capital appreciation and income generation while mitigating the volatility associated with equity investments by investing in fixed income securities.

Investment Strategy:

The Fund Manager's investment strategy focuses on capital appreciation and income generation with a higher risk. The Fund is aimed at medium-term focused investors looking for income and moderate growth with a relatively higher risk appetite.

The fund invest in a diverse pool of Nigerian equities and fixed income securities such as FGN Bonds and Money Market securities.

The Fund has a target asset allocation of up to 70% in equities, 20% in fixed income securities, 10% in other market securities. The fund strives to maintain a fixed income duration of 5 years and be mainly invested in Naira -denominated fixed income and money market instruments.

The Fund will follow all applicable rules of Securities and Exchange Commission (SEC).

Investment Philosophy

We employ a fundamental investment process to construct a diversified portfolio of high-quality money market securities that aim to deliver steady returns and provide for liquidity needs.

Our bottom-up credit selection and tactical trading in the most liquid instruments and fundamental process combined with robust, top-down rigorous risk management tools designed to meet our objectives of liquidity and consistent excess returns.

Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by the Investment Committees with support from the Research team with market insight to minimize risk exposure.

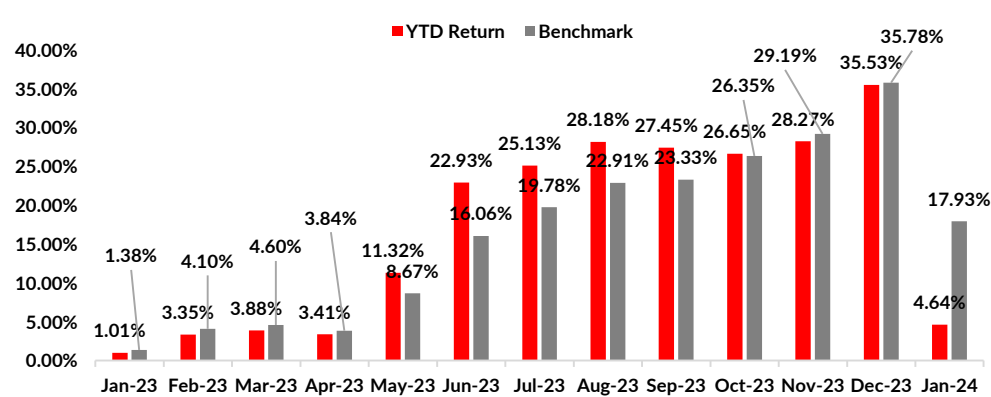
Risk Management

- High-quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Rigorous selection criteria and research-based macro risk analysis
- Independent risk and compliance review
- Disciplined investment process and multiple level review
- Continuous value analysis relative to opportunity set and issuers concentrations limits
- Clear accountabilities and cross checks

HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	4.64%												4.64%
2023	1.01%	2.32%	0.51%	-0.45%	7.65%	10.44%	1.79%	2.43%	-0.57%	-0.63%	1.28%	5.66%	35.53%
2022	4.29%	1.23%	1.54%	3.71%	5.38%	-0.56%	-1.64%	-2.74%	-0.86%	-1.50%	2.35%	1.90%	13.24%
2021	0.52%	-3.15%	-0.95%	1.52%	-1.66%	2.74%	1.22%	1.23%	1.39%	1.54%	1.32%	-0.90%	4.32%
2020	2.37%	-3.58%	-11.81%	7.89%	4.10%	1.66%	3.10%	0.01%	5.39%	9.33%	1.38%	8.16%	29.49%
2019	-25.78%	2.07%	-0.20%	-0.45%	-1.31%	0.29%	-0.94%	-1.49%	5.64%	0.26%	6.73%	1.64%	-16.50%

HISTORICAL YTD RETURN VS. BENCHMARK



RISK - REWARD PROFILE

1	2	3	4	5	6	7
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Lower risk
/ Lower return

Higher risk
/ Higher return

FUND FACTS

Fund launch date	23 September 2017
Fund type	Open - Ended
Asset class	Equity and Fixed Income Securities
Risk profile	Moderate - High
Investment Manager rating	A-(IM)*
Benchmark	25% of Nifty 1 Year + 50% of NSE 30 Index + 25% 5-Year FGN Bond
Currency	Naira
Accounting	Mark-to-Market
Fund size	₦193 Million
Offer price	₦1.6174
Income Distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

FUND FEES

Management fees	1.50% p.a.
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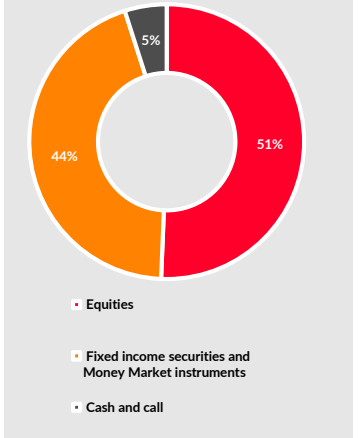
FUND CHARGES

Entry charge	None
Exit charge	None
Early Redemption Charge	1.5% of net proceed

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	19.16%
Industrials	13.07%
Consumers	7.92%
Agriculture	1.44%
Oil and Gas	2.62%
Telecommunications	6.44%
Total	50.65%

FUND ASSET ALLOCATION



Coronation Fixed Income Fund

FUND OVERVIEW

The fundamental objective of the Fund is to provide unit holders with long-term capital growth and regular income by investing primarily in diverse portfolios of fixed income securities.

Investment Objective:

The fundamental objective of the Fund is to provide unit holders with long-term capital growth and regular income by investing primarily in diverse portfolios of fixed income securities.

Investment Strategy:

The Fund Manager shall adopt and maintain an investment strategy that is designed to ensure a steady return on capital and assured liquidity.

The fund will strive to maintain an average duration of not more than 6 years.

The Fund may be suitable for investors looking to invest for the medium to long term with moderate risk appetite.

Investment Philosophy:

We employ a fundamental investment process to construct a diversified portfolio of high-quality, fixed income securities that aim to deliver consistent excess returns (income) with low volatility.

Our bottom-up credit selection and tactical trading in the most liquid instruments and fundamental process combined with robust, top-down rigorous risk management tools designed to meet liquidity objectives and consistent excess returns over the long term.

Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by research with market insight of the investment team to minimise risk exposure.

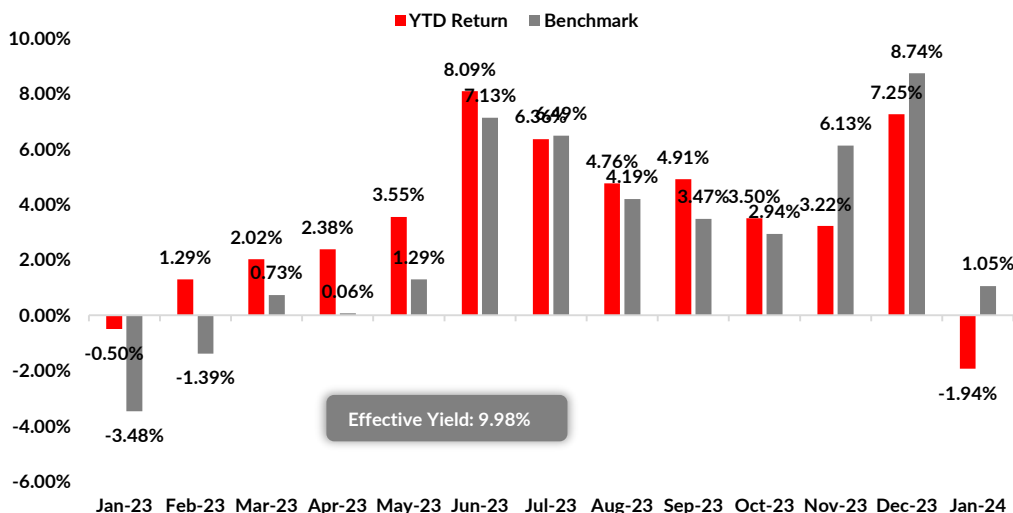
Risk Management

- High-quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Issuers concentration limits and rigorous selection criteria
- Research based macro risk analysis and independent risk and compliance review
- Disciplined investment process and continuous value analysis relative to opportunity set
- Multiple level review and clear accountabilities and cross checks

HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	-1.94%												-1.94%
2023	0.49%	1.80%	0.72%	0.35%	1.14%	4.38%	-1.60%	-1.51%	0.15%	-1.35%	-0.27%	3.91%	7.25%
2022	1.93%	3.20%	1.19%	-1.30%	0.56%	1.31%	-2.22%	-2.55%	-0.02%	-2.11%	1.46%	2.76%	4.07%
2021	-0.98%	-4.54%	-3.30%	-6.43%	-0.47%	1.49%	-0.98%	4.05%	1.65%	-1.81%	0.50%	0.70%	-10.02%
2020	3.93%	2.39%	-6.18%	6.73%	0.10%	7.24%	5.84%	-3.73%	3.74%	8.64%	-0.15%	-9.08%	19.23%
2019	1.42%	1.65%	1.83%	0.32%	1.85%	1.50%	2.07%	-0.85%	0.61%	4.35%	1.88%	0.66%	18.63%

HISTORICAL YTD RETURN VS. BENCHMARK



RISK - REWARD PROFILE

1	2	3	4	5	6	7
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Lower risk
/ Lower return

Higher risk
/ Higher return

FUND FACTS

Fund launch date	23 September 2017
Fund type	Open - Ended
Asset class	Fixed income
Risk profile	Moderate
Investment Manager rating	A-(IM)
Fund rating	A+/FV4
Benchmark	Weighted average of 3-year+10-year FGN bond
Currency	Nigerian Naira
Accounting	Mark-to-Market
Fund size	₦324 Million
Offer price	₦1.3732
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

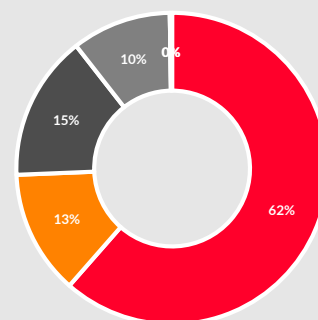
FUND FEES

Management fees	1.50% p.a.
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FUND CHARGES

Entry charge	None
Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



- FG Bonds
- Corporate Bonds
- Nigerian Treasury Bills
- Other MM Instruments
- State Bonds
- Cash

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