

CORONATION



Mutual Funds Factsheet

October 2022

Macroeconomic and Market Review

October 2022

Overview

Bearish sentiment was evident across Nigeria's financial markets during October. Selling pressure was seen across equity, T-bill and FGN bond markets. There was also pressure on the exchange rate of the Naira in the I&E window. Looking at the macroeconomic side, September's headline inflation rose by 25bps to 20.77% y/y, the slowest rise since March, but still at a record level over the past few years. Food inflation (+22bps to 23.34% y/y) rose by less than the headline rate, the small rise likely reflecting the early impact of the harvest season, which began in September. Core inflation (+40bps to 17.60% y/y) rose to its highest level in five years, given the pressures on energy costs and on the currency.

Looking forward, the Monetary Policy Committee of the CBN is set to hold its last meeting of the year on 21-22 November. Following the deceleration in September's inflation print, we expect a modest hike in the Monetary Policy Rate this time. The Committee highlighted that policy tightening remains necessary given the need to signal its firm commitment to price stability and to narrow the gap between interest rates and inflation.

Fixed Income

Earlier Monetary Policy Rate (MPR) hikes by the CBN and upward movements in bond auction yields continue to drive secondary market bond yields and T-bill auction stop rates. Tight liquidity led to selloffs across the curve during October. The yields on secondary market Nigerian Treasury Bills (T-bill) rose by 389 basis points across the curve to reach, on average, 11.03% pa. Stop rates increased across the three T-bill primary auctions held during the month. Specifically, the stop rate of the 1-year T-bill rose by 250 basis points to a 4-year high of 14.50% pa (annualised yield: 16.95%), while the rates on the short (+1bp) and mid (+55bps) tenor bills also rose.

The secondary market in bonds was bearish during October, with the average yield rising by 116 basis points to 14.45%. At the short end of the curve, the yield of a 2-year bond rose by 233 basis points to 14.45%, while at the long end, the yield of a 15-year bond rose by 82 basis points to 16.09%. At the monthly primary auction, the Debt Management Office (DMO) allotted a total of N107.88bn (US\$244.25m), the lowest allocation since December 2021. Demand was weak, as reflected by a total subscription of N119.18bn, the weakest since August 2019, and a bid-to-offer ratio of 0.53x (previously 1.10x). Consequently, yields across the April 2032 (+115bps to 15.00%) and April 2037 (+150bps to 16.00%) bonds expanded while the yield on the April 2029 bond settled at 14.50%. We reiterate our view that fixed income yields are likely to rise over the medium term owing to an expected increase in domestic borrowing by the FGN to finance the budget deficit and tight domestic monetary policy amidst global monetary policy normalisation this year.

Equities

Domestic shares extended their losing streak in October, the NGX Exchange All-Share Index recording its fifth consecutive monthly decline as the rise in market yields continued to sway investor sentiment.

As a result, the NGX All-Share Index (NGX ASI) fell by 10.77% m/m, the largest monthly decline since March 2020 to settle at 43,745.73 points, its lowest level since 6 January 2022. The remarkable decline puts the index on track for a bear market, down 19.12% from its 27 May high. On market movers, selloffs across index heavyweights such as Airtel Africa (-36.25% m/m), MTN Nigeria (-1.45% m/m), Seplat Energy (-12.00% m/m), Dangote Cement (-10.00% m/m), and BUA Foods (-4.80% m/m) dragged the broad index lower. The month also saw the listing by introduction of Geregu Power onto the main board of the NGX Exchange, and by the end of the month it was up 15%.

Oil

In October, oil prices rebounded, ending four consecutive monthly declines as focus returned to the tightness of global supply following output cuts by the Organisation of the Petroleum Exporting Countries and its allies (OPEC+). Prices rose despite heightened global recession fears as China reimposed COVID-19 curbs. Brent crude rose to as high as US\$97.92/bbl, the highest level since 30 August, before settling at US\$94.83/bbl. Month-on-month, Brent gained 7.81%. Brent is up 21.92% year-to-date and has traded at an average price of US\$101.65/bbl, 43.40% higher than the average of US\$70.89/bbl in 2021.

Our view is that the current OPEC+ output cuts and prospects of a price cap on Russian crude ahead of the winter season pose upside risks for oil prices for the rest of the year. Hence, we maintain that prices are likely to remain well above the US\$73.00/bbl set in Nigeria's government budget until at least the end of the year, and quite possibly beyond it.

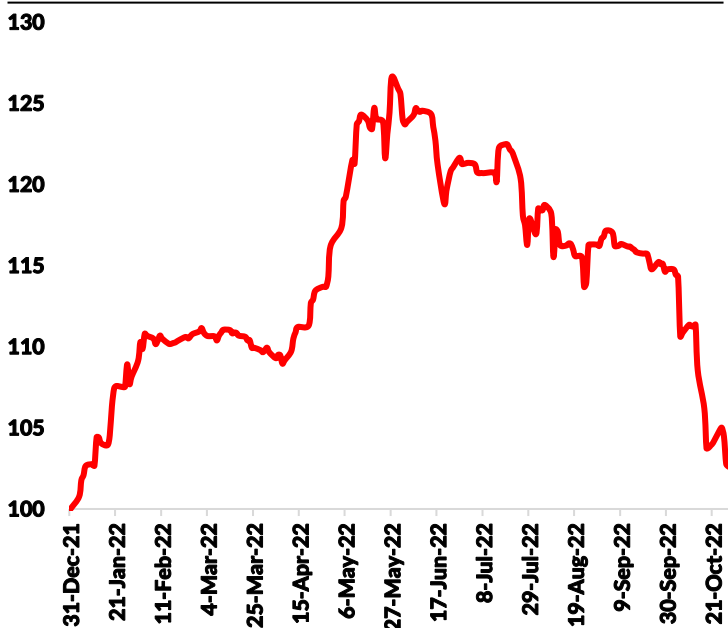
Currency

In October, the exchange rate at the I&E Window weakened to as low as N444.75/US\$1 before settling 1.35% lower m/m at N443.00/US\$1, a record month-end low. In addition, liquidity at the window thinned out as average daily turnover declined by 13.3% m/m to US\$79.83m, the lowest level since April 2021.

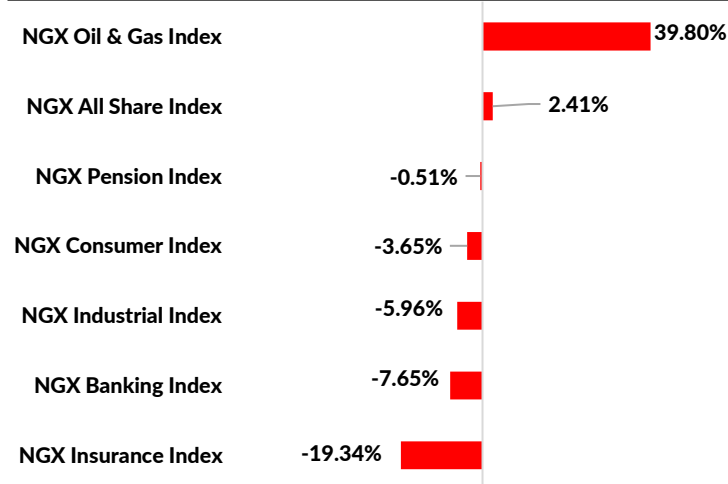
Elsewhere, the CBN's published FX reserves fell for the third successive month, declining by 2.26% (or US\$866.21m) m/m to US\$37.38bn, reflecting intervention efforts of CBN across the various FX windows.

The CBN has maintained the exchange rate in the I&E Window within a narrow range all year. With its FX reserves close to historical highs, we expect the exchange rate to be maintained at very close to current levels for several months, at least

NGX ASI, rebased 31 Dec 2021=100



NGX sub-indices returns, YTD



Source: NGX Exchange, Coronation Research

Global economic outlook

2022 remains on course for slow growth as the ongoing war in Ukraine, elevated inflation, aggressive tightening by monetary authorities around the world, geopolitical tension between China, Taiwan and the US and China's economic slowdown continue to weigh on the global economy.

According to the IMF, global growth is expected to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is its weakest growth expectation since 2001, barring the global financial crisis of 2008 and the COVID-19 pandemic in 2020. Higher inflation worldwide, especially in the US and major European economies, has triggered a sharp tightening in global financial conditions. For China, the slowdown has been sharper than anticipated, reflecting COVID-19 outbreaks and lockdowns, a damaging property sector crisis and lacklustre domestic consumption. Weakness in the Chinese economy could spill over to other major economies through a fall in its imports, thus affecting open and export-orientated economies across the world.

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 minimise risk exposure.

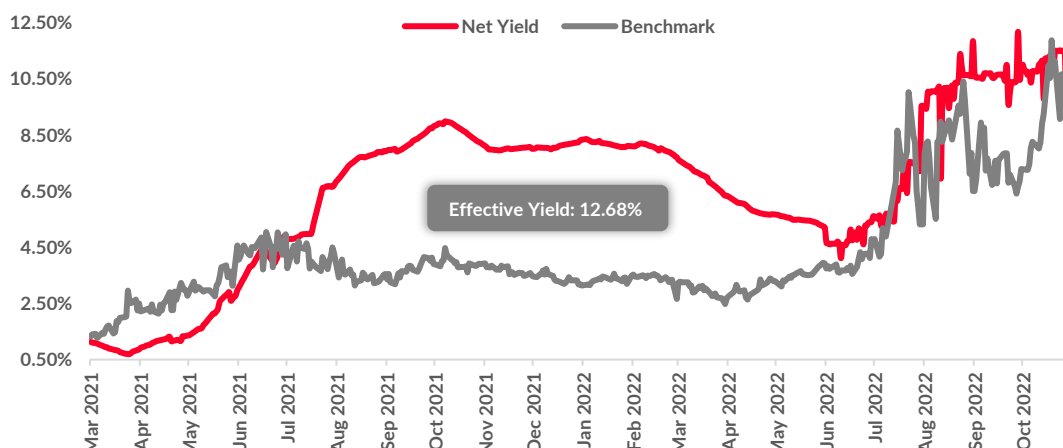
Risk Management

- 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 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
2022	8.10%	7.70%	6.34%	5.67%	5.19%	4.86%	6.62%	10.19%	10.59%	11.09%		
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%
2018	16.95%	15.20%	15.06%	14.09%	13.19%	12.70%	12.01%	12.33%	14.97%	11.31%	12.08%	12.47%
2017									2.53%	11.35%	17.40%	17.33%

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	₦4.6 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

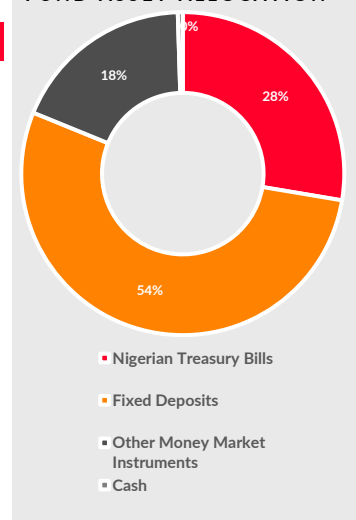
FUND FEES

Management	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



*Fund and Investment manager ratings have expired and is currently undergoing review

Coronation Fixed Income Dollar 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 dollar 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 Strategies:

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.

Suitable Investor

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 is vetted by research with market insight of the investment team to minimise risk exposure

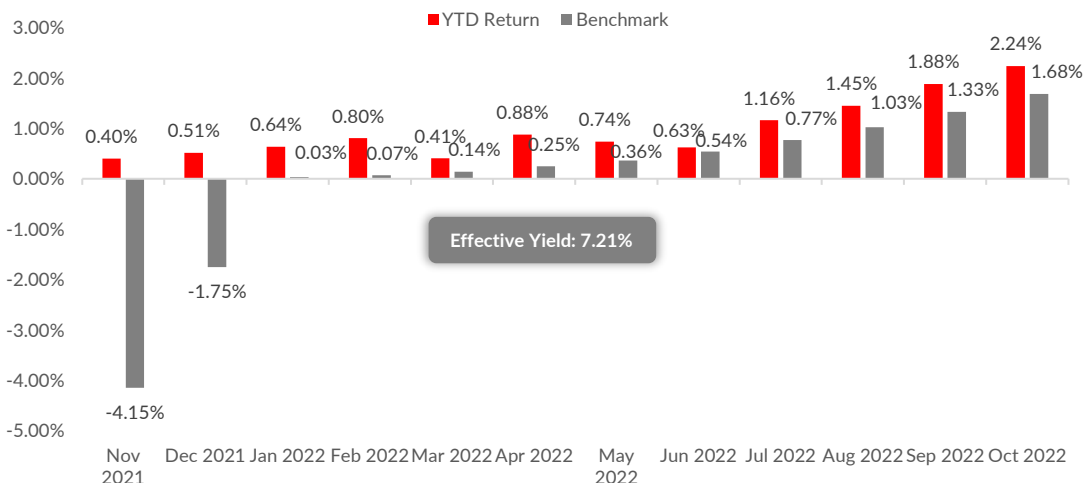
Risk Management

- High quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Issuer's concentrations 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 FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2022	0.64%	0.17%	-0.39%	0.47%	-0.14%	-0.11%	0.53%	0.28%	0.42%	0.36%			2.24%
2021	-1.81%	1.60%	-2.20%	1.92%	1.18%	0.31%	0.21%	0.29%	-0.79%	-0.16%	0.07%	0.11%	0.51%
2020		-2.16%	-17.04%	3.92%	11.45%	4.91%	1.61%	4.65%	-3.60%	2.13%	6.62%	2.37%	12.69%

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	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	\$1.1 million
Offer price	\$ 1.1479
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$10,000
Minimum additional transaction size	\$5,000

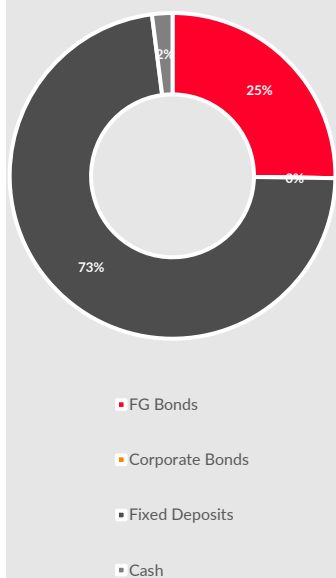
FUND FEES

Management	1.0% p.a.
Others	1.50%

FUND CHARGES

Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



*Fund and Investment manager ratings have expired and is currently undergoing review

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 minimise risk exposure.

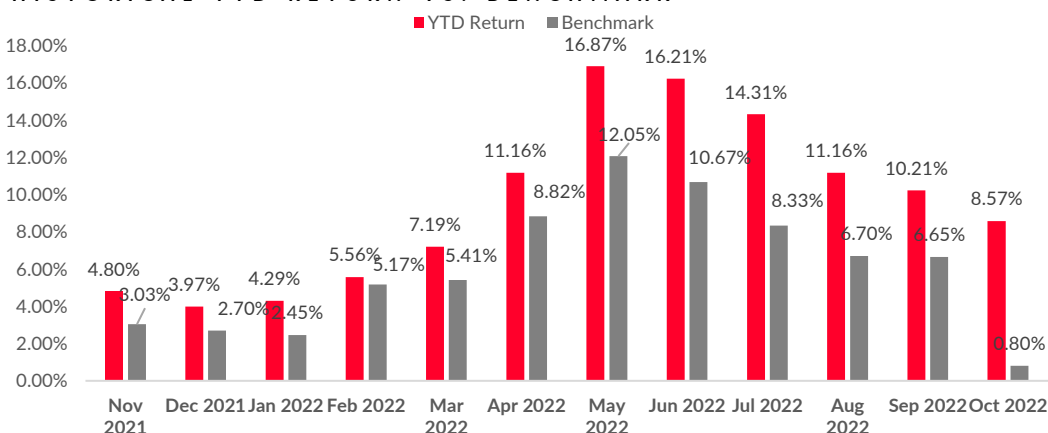
Risk Management

- 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
2022	4.29%	1.23%	1.54%	3.71%	5.38%	-0.56%	-1.64%	-2.74%	-0.86%	-1.50%			8.57%
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%
2018	6.54%	-0.92%	1.86%	0.98%	0.39%	1.46%	1.55%	-22.60%	-4.82%	0.24%	-1.08%	31.74%	4.87%
2017									0.05%	2.54%	7.11%	-2.83%	6.79%

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	₦118 Million
Offer price	₦1.1580
Income Distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

FUND FEES

Management	1.50% p.a.
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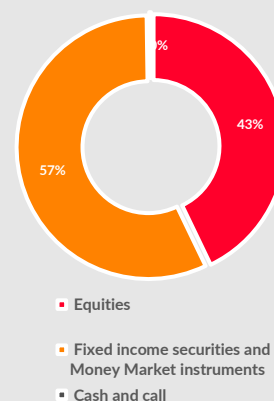
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	7.11%
Industrials	10.96%
Consumers	1.59%
Agriculture	10.42%
Oil and Gas	4.51%
Telecommunications	8.27%
Total	42.86%

FUND ASSET ALLOCATION



*Fund and Investment manager ratings have expired and is currently undergoing review

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:

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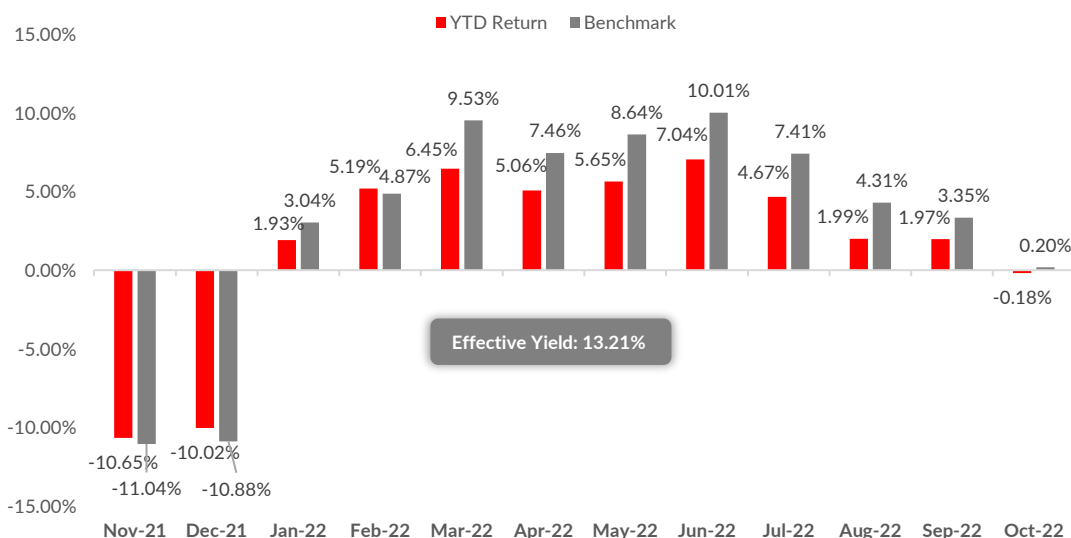
Risk Management

- 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
2022	1.93%	3.20%	1.19%	-1.30%	0.56%	1.31%	-2.22%	-2.55%	-0.02%	-2.11%			-0.18%
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%
2018	3.50%	-1.10%	3.83%	0.89%	0.92%	1.34%	5.96%	-10.34%	0.33%	4.31%	0.91%	0.66%	6.74%
2017									0.91%	0.65%	1.21%	2.07%	4.92%

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)*
Benchmark	Weighted average of 3-year+10-year FGN bond
Currency	Nigerian Naira
Accounting	Mark-to-Market
Fund size	₦324 Million
Offer price	₦1.3375
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

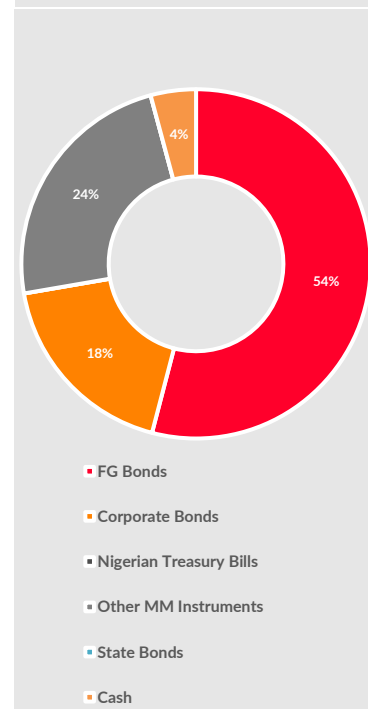
FUND FEES

Management	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



*Fund and Investment manager ratings have expired and is currently undergoing review

DISCLOSURES & DISCLAIMERS

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