

**CORONATION**

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# Mutual Funds Factsheet

## December 2024

# Macroeconomic and Market Review

## December 2024

### Overview

Inflation for November came in at 34.60% y/y, we expect further monetary policy tightening from the CBN and market yields to remain elevated. Meanwhile, the FX market is starting to gain some stability.

### Fixed Income

Tight liquidity defined the mood in the fixed income space for December 2024; with average liquidity for the month at a negative N232.13bn. This is due to the ongoing liquidity management strategy of the CBN expressed through multiple OMO auctions over the last couple of months. In December 2024, the CBN rolled out three more OMO auctions, which brought the total OMO in the year to 25, a record high. These auctions were coupled with the scheduled Primary Market Auctions for Treasury Bills and FGN Bond, hence the tight market liquidity.

A total of N1.6tn was offered in OMO bills across the three auctions with maturity dates of 88-day, 186-day, and 361-day at the first auction and above 350-days for the second and third, the offer amount was 433.33% higher than the amount offered in November. Subscriptions came in strong as well reaching N4.75tn (vs N1.45tn in November) implying a bid-to-offer of 2.96x vs 1.00x in November, however, only N2.83tn worth of bills were allotted across all three auctions. Stop rates on the 358-day and 365-day bills settled at 23.93% and 23.95%, respectively at the last auction.

For the Treasury Bill PMAs during the month, the CBN sold a total of N1.62tn (net issuance of N425.57bn) across the 91-day, 182-day, and 364-day maturities for the three auctions which took place during the month. Stop rates at the last auction were unchanged for the 91-day and 182-day maturities at 18.00% and 18.50%, respectively, while the stop rate on the 364-day bill added 10bps to 22.90%.

The DMO reopened the APR 2029 and the FEB 2031 bond for auction in December to raise N120.00bn, the auction was oversubscribed however, subscriptions were lower in relation to previous months auction by 24.56% at N278.82bn due to tight liquidity position at the time of the auction, however, only N211.14bn was allotted with the marginal rate on the 5-year bond up by 14bps to 21.14% pa, while the marginal rate on the 7-year bond remained unchanged at 22.00% pa.

Overall sentiment in the Secondary fixed income market was bearish for the month, as average yields advanced across markets. In the Treasury bills market, average yields across the T-bills and OMO bills gained 18bps to 26.18% pa, this was due to sell pressure particularly on T-bills where average yields added 38bps to 25.55% pa. Investor were more interested in OMO bills due to higher rates as a result, average yields on OMO bills dipped by 11bps to 27.09% pa. In the FGN bonds space, average yields were up by 29bps to 19.75% pa due to bearish sentiment particularly at the short end of the yield spectrum where average yields added 54bps to 20.86%.

Going into 2025, we expect rates to remain elevated as investors continue to demand rates that offer real returns that are closer to positive and as we continue to see more OMO auctions rolled out. The CBNs Monetary Policy meeting scheduled for February is also expected to give some colour to how the market will fare going forward.

### Equities

The local bourse saw a recovery in December from its losing streak, gaining 5.56% (vs. -0.15% the previous month) to close at 102,926.40 points. This brought the year-to-date return for 2024 to 37.65%. The performance was underscored by investor demand for BUA Foods (+5.09% m/m), MTN Nigeria (+17.65% m/m), Aradel Holdings (+15.67% m/m) which outweighed selloffs in BUA Cement (-2.11% m/m) and Dangote Sugar (-7.14% m/m) bringing an increase of N3.66tn in market capitalization to a N62.76tn to close the year.

The sectoral performance was largely upbeat, with several indices recording significant gains. The NGX Insurance Index led the pack, surging 47.16% during the month. The NGX Oil and Gas Index followed closely, rising 13.89%, while the NGX Consumer Goods Index increased 8.94%. The NGX Banking Index, NGX Pension Index, and NGX 30 Index also posted notable gains, advancing 5.99%, 5.94%, and 3.97%, respectively.

### Oil

Brent Crude closed at US\$74.64 per barrel, gaining 2.33% from US\$72.94 per barrel at the end of November largely due to geopolitical tensions and concerns about oil supply security. This brought the year-to-date gain down to 3.12%, with an average trading price of US\$79.86 per barrel year-to-date, 2.84% less than its average price of US\$82.19 per barrel in 2023.

The International Energy Agency (IEA) has revised its global oil demand growth forecast for 2025, increasing it to 1.1 million barrels per day (bpd), up from its previous estimate of 990,000 bpd. This upward revision is primarily driven by rising oil demand in Asian markets. In contrast, OPEC has cut its global oil demand growth projection for 2025 to 1.4 million bpd, with total global oil demand expected to reach 105.3 million bpd in 2025. This represents an increase from 103.8 million bpd in 2024. The IEA notes that OPEC+'s decision to extend production cuts will reduce the potential supply surplus in 2025. However, the agency cautions that overproduction from some OPEC+ members, strong supply growth from non-OPEC+ countries, and modest demand growth will lead to ample supplies to the market in 2025.

# CORONATION

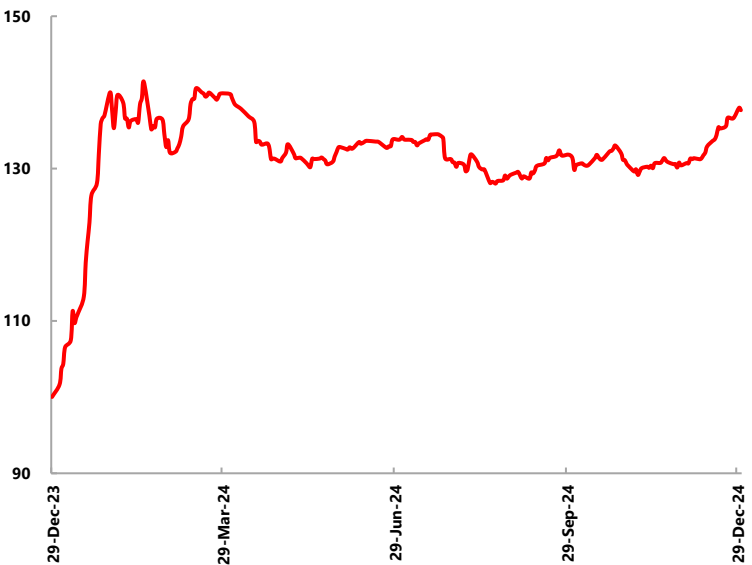
### Foreign Exchange

Naira ended the year with another 40% depreciation at the NAFEM market, with major drivers of the fall in value linked to backlog of demand from 2023, speculative demand, as well as renewed demand during the year to settle foreign obligations. Total depreciation of the Naira to the US Dollar settled at 41.03% y/y, 8.09% shy of the total depreciation in 2023. The parallel market rate performed better based on our internal research; the Naira fell 27.11% y/y vs 39.17% in 2023.

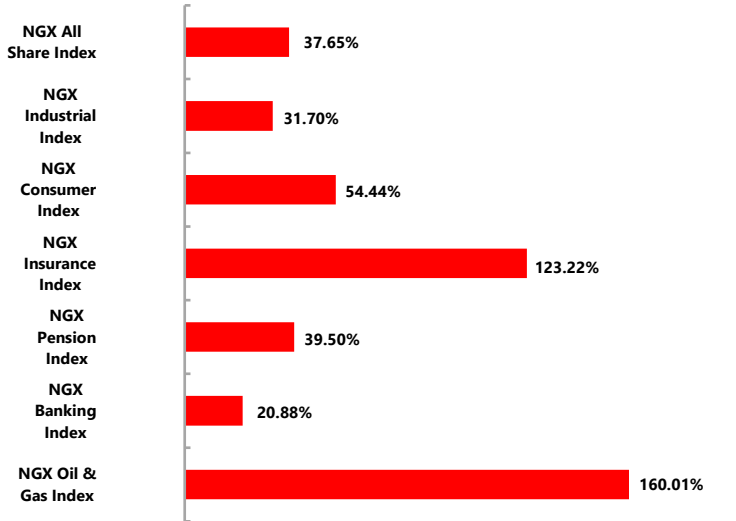
For the month of December, the Naira posted an appreciation of 8.74% m/m closing at N1,538.25/US\$1 at the NAFEM market. The parallel market shared a similar sentiment, advancing by 4.52% m/m to N1,660.00/US\$1. The appreciation against the US Dollar was buoyed by the CBN's introduction of the Electronic Foreign Exchange Matching System (EFEMS) which is designed to streamline interbank FX trading, reduce counterparty risks, improve market transparency and ensure adherence to regulations. Also, the CBN granted temporary access to trading at the official market to authorised BDCs. These brought some stability to the market.

Gross foreign exchange reserves as reported by the CBN gained 24.20% y/y and 1.60% m/m to US\$40.88bn. We attribute the surge to inflows from the just concluded Eurobond issuance as well as multilateral loans which came in during the year.

### NGX ASI, rebased 31 Dec 2023 = 100



### NGX sub-indices returns, 2024 year to 31 December



Source: NGX Exchange, Bloomberg, Coronation Research

### Global economic outlook

The US job market remains strong, but moderate inflation is pushing the Federal Reserve to take a more cautious approach to policy easing in 2025, pending trade policy clarity from the incoming administration. However, the decision to take a 25bps rate cut in December, coupled with higher inflation expectations for 2025, has driven up US bond yields, leading to significant depreciation of emerging market currencies. In China, economic weakness persists, with slowing retail sales and falling property investment, despite efforts from authorities to stimulate growth, dimming global demand expectations for 2025.

# Coronation Money Market Fund

## FUND OVERVIEW

The Coronation Money Market Fund is an open-ended fund that invests in low-risk, short-term instruments, including Treasury Bills, Term Deposits, Commercial Papers, and other Money Market securities. Our goal is to generate regular income while maintaining liquidity and preserving capital.

### Investment Objective:

Our objective is to provide investors with a steady return on capital by actively investing in high-quality, investment-grade money market instruments.

### Investment Strategy:

Our fund manager employs a disciplined investment approach, focusing on:

- Diversification: Building a portfolio of high-quality money market securities
- Liquidity: Maintaining an average duration of 90 days or less
- Risk Management: Implementing robust controls to minimize credit and interest rate risk

### Suitable Investor:

This fund is ideal for short-term focused investors seeking:

- Capital preservation
- Moderate income
- Liquidity

### Investment Philosophy

We follow a fundamental investment process, combining:

- Bottom-up credit selection
- Tactical trading in liquid instruments
- Robust risk management tools
- Research-based macro risk analysis

Our investment team works closely with the Research team to provide market insights, ensuring that our investment decisions are informed and effective.

### Risk Management

We prioritize risk management through:

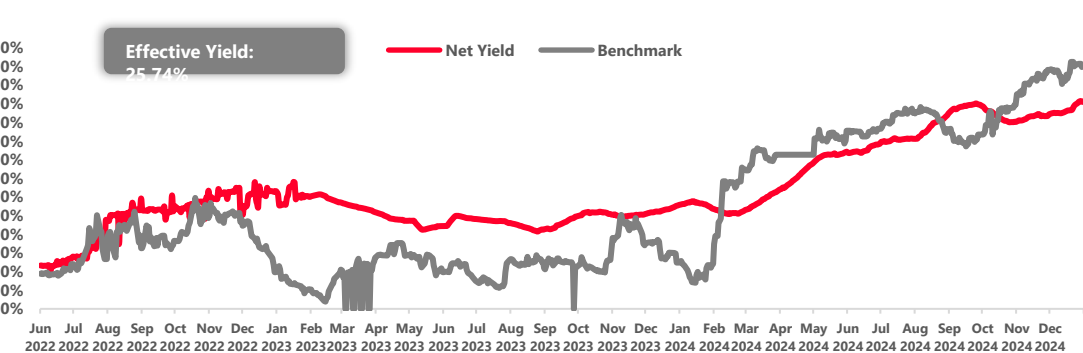
- High-quality issuer selection
- Duration limits
- Issuer concentration limits
- Rigorous selection criteria
- Independent risk and compliance review.

Our disciplined investment process and continuous value analysis ensure that we deliver consistent returns while minimizing risk exposure.

### HISTORICAL 30-DAY ROLLING AVERAGE YIELD

	January	February	March	April	May	June	July	August	September	October	November	December
2024	10.73%	10.60%	12.78%	15.57%	16.85%	17.71%	18.23%	20.94%	21.76%	20.04%	20.85%	22.21%
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	₦9.18 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

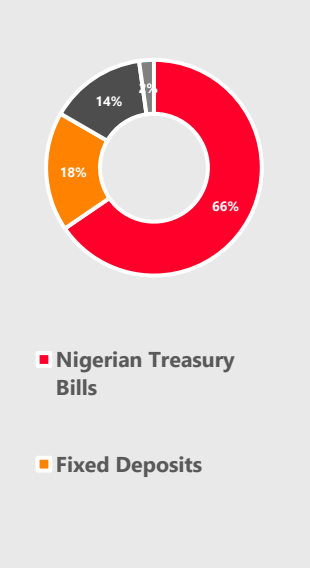
### FUND FEES

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 Portfolio

## FUND OVERVIEW

The Coronation Fixed Income Dollar Portfolio is a short-term fixed income fund that aims to provide unit holders with the opportunity for capital preservation and income generation. The fund invests in a diversified portfolio of short-term dollar-denominated fixed income securities, with a focus on maintaining liquidity and controlling risk.

### Investment Objective:

The primary objective of the Coronation Fixed Income Dollar Portfolio is to provide unit holders with the opportunity for short-term capital preservation and income generation through investments in a diversified portfolio of short-term dollar-denominated 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
- A strong emphasis on risk management

### Risk Management

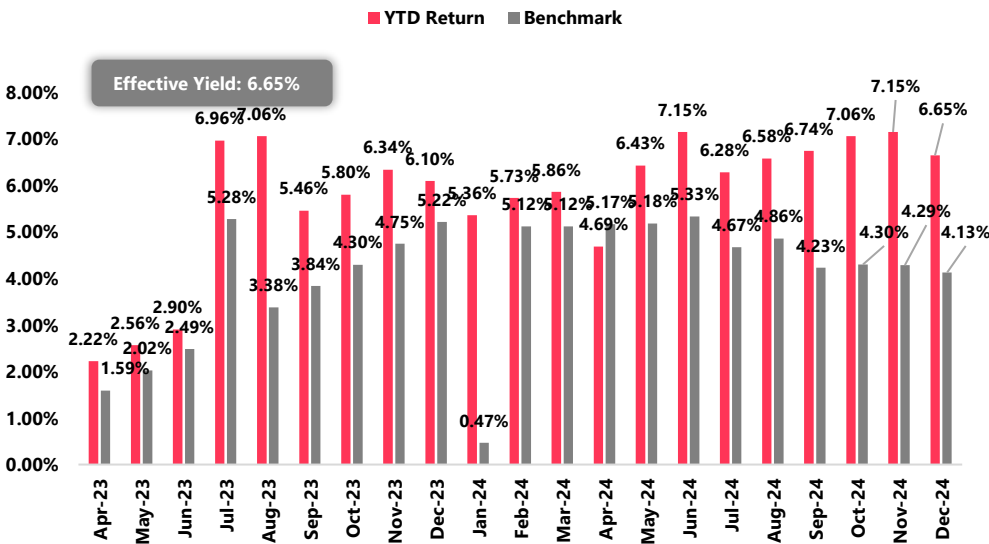
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on:

- Investing in high-quality issuers to reduce credit risk
- Employing strategies to limit interest rate risk through controlled durations
- Maintaining issuer concentration limits and adhering to stringent selection criteria
- Conducting 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%	5.73%	5.61%	4.69%	7.01%	7.32%	6.25%	6.54%	6.51%	7.63%	7.17%	6.82%
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	\$4.01Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

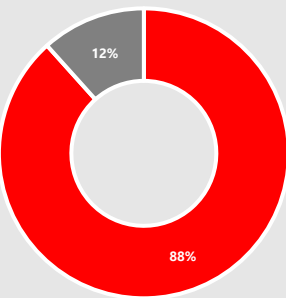
### FUND FEES

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



■ Fixed Deposits

■ Cash

# Coronation Balanced Fund

## FUND OVERVIEW

The Coronation Balanced Fund is a medium-term investment solution offered by Coronation Asset Management. The fund aims to achieve capital appreciation and income generation while mitigating the volatility associated with equity investments.

### Investment Objective:

The fund's objective is to provide investors with a balanced portfolio that generates capital appreciation and income while managing risk.

### Investment Strategy:

The fund manager employs a strategic asset allocation approach, investing in a diverse pool of Nigerian equities and fixed income securities, including:

- Equities (up to 70%)
- Fixed income securities (up to 20%)
- Other market securities (up to 10%)

The fund targets a fixed income duration of 5 years and primarily invests in Naira-denominated fixed income and money market instruments.

### Investment Philosophy

Our investment philosophy is centered around a fundamental, bottom-up approach, focusing on high-quality money market securities that deliver steady returns and provide liquidity. We employ robust risk management tools, including:

- Rigorous credit selection and macro risk analysis
- Independent risk and compliance review
- Disciplined investment process with multiple level review
- Continuous value analysis and issuer concentration limits

### Risk Management

We prioritize risk management through:

- High-quality issuer selection to reduce credit risk
- Duration limits to mitigate interest rate risk
- Rigorous selection criteria and research-based macro risk analysis
- Independent risk and compliance review
- Disciplined investment process with multiple level review

By following a disciplined investment approach and adhering to strict risk management guidelines, we aim to deliver consistent returns and minimize risk exposure for our investors.

### RISK - REWARD PROFILE



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	₦206 Million
Offer price	₦1.6670
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

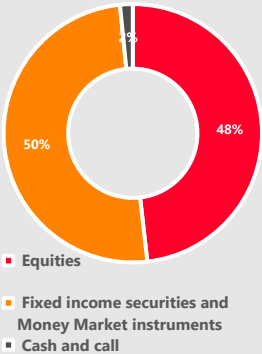
Entry charge	None
Exit charge	None
Early Redemption Charge	1.5% of net proceed

### FUND CHARACTERISTICS

#### Equities Holding by Sector

Financials	21.08%
Industrials	9.86%
Consumers	4.28%
Agriculture	1.59%
Oil and Gas	4.61%
Telecommunications	6.17%
Total	47.59%

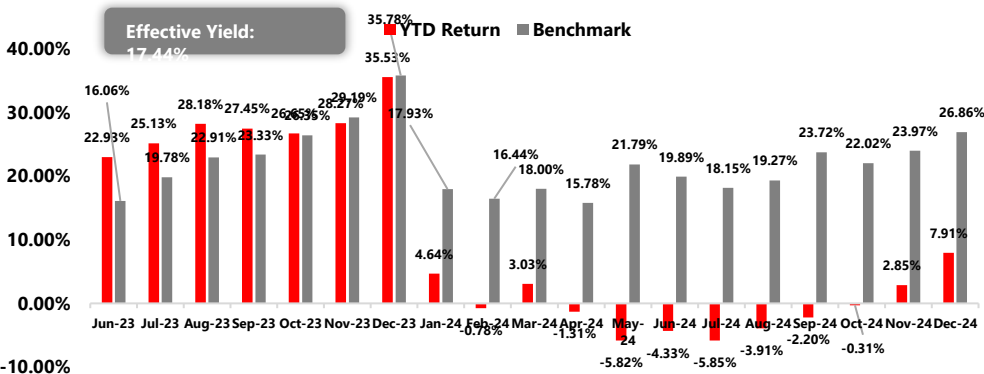
### FUND ASSET ALLOCATION



### HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	4.64%	-5.18%	3.84%	-4.21%	-4.57%	1.58%	-1.59%	2.06%	1.77%	1.94%	3.17%	4.92%	7.91%
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





# Coronation Fixed Income Fund

## FUND OVERVIEW

The Coronation Fixed Income Fund is a medium to long-term investment solution designed to provide unit holders with long-term capital growth and regular income. The fund invests primarily in diverse portfolios of fixed income securities, employing a fundamental investment process and robust risk management tools to deliver consistent excess returns with low volatility.

### 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

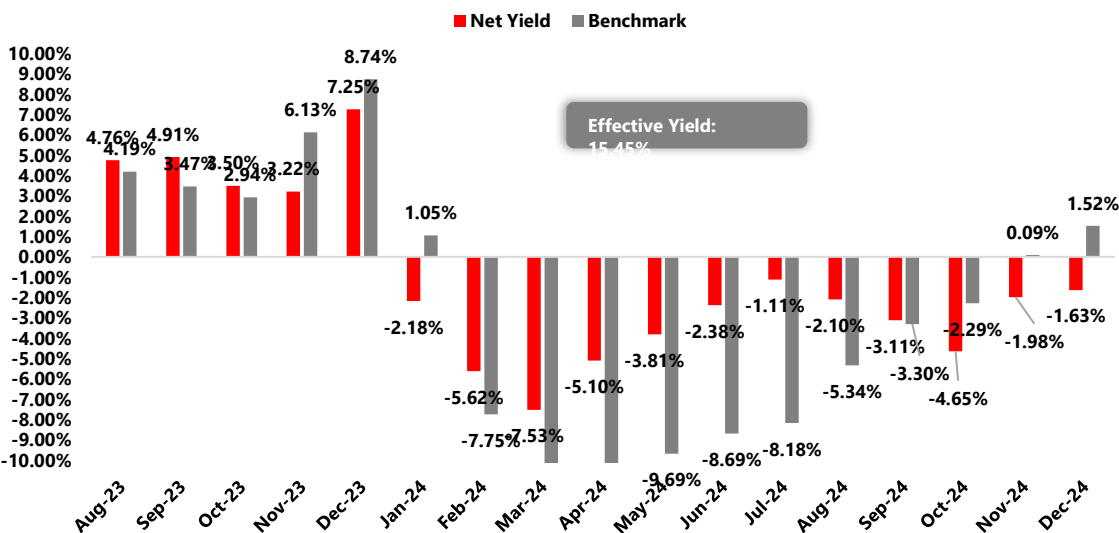
Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by research with market insight of the investment team to minimise risk exposure. Key risk management strategies include:

- 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%	-3.51%	-2.02%	2.63%	1.36%	1.49%	1.29%	-1.00%	3.08%	-1.64%	2.80%	0.35%	2.66%
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	₦351 Million
Offer price	₦1.3967
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

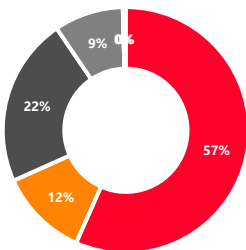
### FUND FEES

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



## DISCLOSURES & DISCLAIMERS

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