

CORONATION

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Mutual Funds Factsheet

September 2024

Macroeconomic and Market Review

September 2024

Overview

September saw the Central Bank of Nigeria (CBN) renew its efforts to contain inflation. Its Monetary Policy Committee (MPC) raised the Monetary Policy Rate (MPR) by 50 basis points to 27.25% on 24 September. And it held three auctions of Open Market Operation (OMO) bills in order drain liquidity from the system. The last of these achieved a yield of 31.99% for one-year paper (which compares with an inflation rate of 32.15%, year-on-year, for August). Naira fixed income appears set for a period of high rates.

Fixed Income

System liquidity remained negative for most of the month, dampening subscription levels at the second and third Primary Market Auctions (PMA) of Treasury Bills. However, the disbursement of FAAC allocations for the month improved liquidity conditions to begin with. The Central Bank of Nigeria (CBN) conducted three PMAs for treasury bills and, to further manage liquidity and ensure price stability, held three Open Market Operations (OMO) at the end of the month. Meanwhile, FGN bond auction results reflected declining borrowing levels, likely influenced by the proceeds from the oversubscribed US\$400m dollar-denominated bond.

The CBN offered N622.74bn in total at its Treasury bill (T-bill) auctions during the month, slightly lower (by 0.50%) than the amount offered in August. Subscriptions surged by 31.9% to N1.99 trillion, mainly due to high liquidity at the first auction. Consequently, the bid-to-offer ratio rose to 3.21x, up from 2.42x in the previous month. Total allotments matched the offer at N622.74bn. Yields declined at the first two auctions, but the Monetary Policy Committee's decision to raise the Monetary Policy Rate (MPR) by 50bps, to 27.25% on 24 September, drove yields higher at the third auction, reaching 17.75%, 19.17%, and 24.98% —increases of 40bps, 60bps, and 216bps, respectively, for the 91-day, 181-day, and 364-day bills.

The Debt Management Office (DMO) reopened offerings the April 29, February 31, and May 33 Federal Government of Nigeria bonds, offering N150bn, which was lower than the N190bn offered the previous month. This auction was oversubscribed by N264.88bn, resulting in a bid-to-offer ratio of 2.77x, up from 2.42x in the prior month. Total allotments amounted to N264.53bn (29.4% lower than the previous auction), with yields on bonds falling by 130bps, 91bps, and 145bps, respectively, to 19.00%, 19.99%, and 20.05%.

OMO auctions were also conducted following Federation Account Allocation Committee (FAAC) allocations, in order to absorb excess liquidity. Investor demand was focused entirely on the one-year bill, with N1.25tn sold, compared with N2.35tn in August. Initially, yields declined to 27.86% from 27.97%, but after the CBN raised the MPR by 50bps to 27.25%, rates increased to 31.99%.

In the secondary market, activity was mixed. Average Treasury bill yields rose by 71bps to 21.92% p.a., while average FGN bond yields fell by 18bps to 18.77% p.a. Looking ahead, we expect yields to stabilise in October as the CBN continues its hawkish stance towards inflation while managing borrowing costs for both government and the private sector.

Equities

Paring its losses from the previous month, the NGX All-Share Index advanced by 2.05% month-on-month to close at 98,558.79 points, increasing the year-to-date return to 31.81%. The overall increase in the market was fueled by investors responding to information about Flour Mills of Nigeria, which is to be taken private, and Honeywell Flour Mills, as well as heightened interest in oil and gas and banking stocks.

During the month, buying interest in Seplat Energy (+10.00% m/m), FBN Holdings (+20.00% m/m) and United Bank for Africa (+23.31% m/m) drove the market's positive performance, overriding losses in BUA Cement (-3.42% m/m), Zenith Bank (-1.31% m/m), and Lafarge Africa (-1.60% m/m). Accordingly, the market capitalisation gained N1.16tn to close at N56.64tn.

Most sectoral indices closed the month positive. The NGX Banking Index topped the list returning 10.18% over the month; the NGX Oil and Gas Index followed with gains reaching 6.97%; the NGX Pension Index returned 5.95%; the NGX 30 Index was able to return 1.99% and the NGX Pension Index returned 1.99%. Sectors that ended the month in the red were the NGX Consumer Goods Index (-0.69%) and the NGX Industrial Goods Index (-1.25%).

Oil

Brent Crude closed at US\$71.77 per barrel, falling by 8.92% from US\$78.80 per barrel in August. This brought the year-to-date gain down to 6.84%, with an average trading price of US\$81.82 per barrel year-to-date, 0.45% less than its average price of US\$82.19 per barrel in 2023.

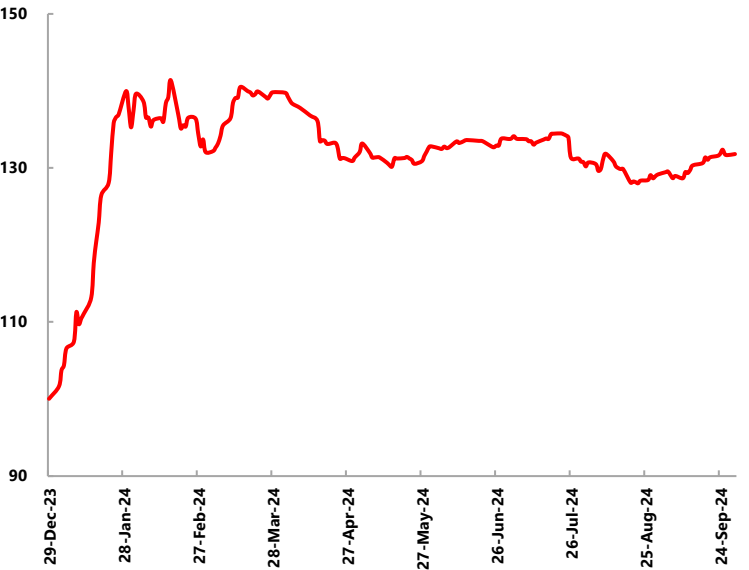
During the month, Brent crude prices suffered a downtrend stemming from China's economic slowdown, which traders believed would reduce oil demand and contribute to oversupply. While US production was briefly disrupted by hurricanes, it wasn't enough to counteract the belief in a mounting surplus. Saudi Arabia's extended production cuts provided limited price support due to increased output from non-OPEC producers. And Saudi Arabia is believed to want to increase output, starting in October.

CORONATION

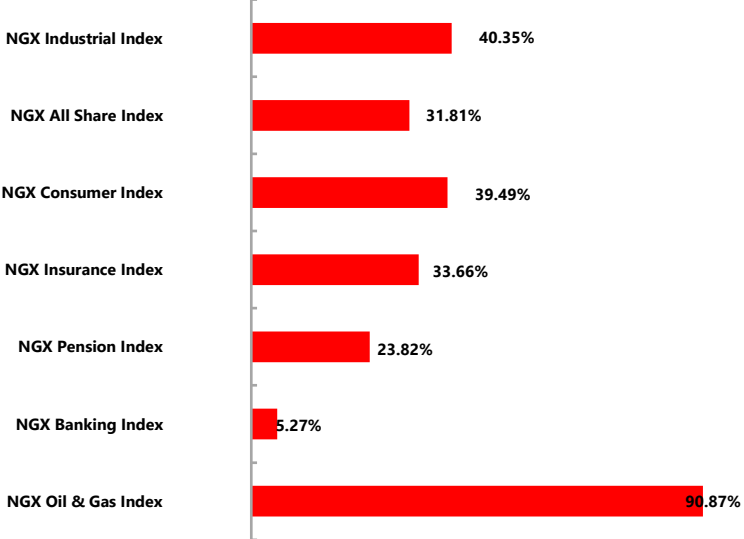
Currency

By the end of September, the Nigeria Autonomous Foreign Exchange Market (NAFEM) exchange rate had appreciated by 3.67% month-on-month (up from 0.64% in August), closing at N1,541.94/US\$1. During the month, the exchange rate fluctuated around the N1,500/US\$1 level. Year-to-date, the Naira has depreciated against the dollar by 41.17%, an improvement from 43.25% in August. In contrast, in the parallel market, the Naira declined by 3.93%, moving from a 2.13% drop in August to close at N1,707.00/US\$1. Additionally, the Central Bank of Nigeria's reported gross foreign exchange reserves rose by 4.83%, or US\$1.75 billion, finishing the month at US\$38.06 billion, the highest level since 7 October 2022. The increase is attributed to inflows from the Federal Government's domestic dollar bond issue, multilateral loans from international organisations, inflows from private-sector corporates and foreign portfolio investment (FPI).

NGX ASI, rebased 31 Dec 2023 = 100



NGX sub-indices returns, 2024 year to 30 September



Source: NGX Exchange, Bloomberg, Coronation Research

Global economic outlook

At September's meeting of the Federal Open Market Committee (FOMC), it was decided to lower the Fed Funds rate by 50 basis points, setting the upper limit at 5.0%. In the accompanying statement, the Fed indicated that it is more confident that inflation will meet its 2% goal and stated that the risks to both stable prices and full employment are now "roughly balanced". The US bond market began to price in a 50/50 chance of a further 50 basis point cut before the end of the year.

The Fed also updated its Summary of Economic Projections, lowering its real GDP growth forecast for 2024 to 2.0% from its previous 2.1% estimate in June, while maintaining the same long-term outlook of 2.0%. Given the softening labour market, the unemployment rate forecast for 2024 was raised to 4.4% from 4.0%, with the rate expected to remain steady through 2025. For inflation, the Fed adjusted its PCE inflation forecast downwards to 2.3% for 2024 (previously 2.6%) and 2.1% for 2025, with expectations to hit the 2.0% target by 2026.

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:

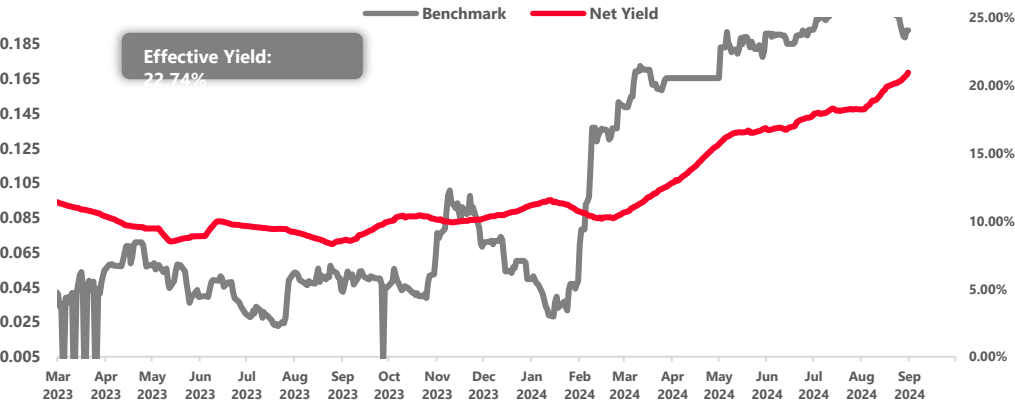
- High-quality issuer selection
- Duration limits
- Issuer concentration limits
- Rigorous selection criteria
- Independent risk and compliance review.

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%			
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	₦6.63 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

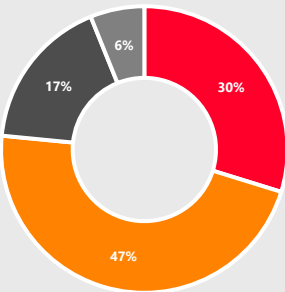
FUND FEES

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



- Nigerian Treasury Bills
- Fixed Deposits
- Other Money Market Instruments
- Cash

Coronation Fixed Income Dollar Fund

FUND OVERVIEW

The Coronation Fixed Income Dollar Fund 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 Fund 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

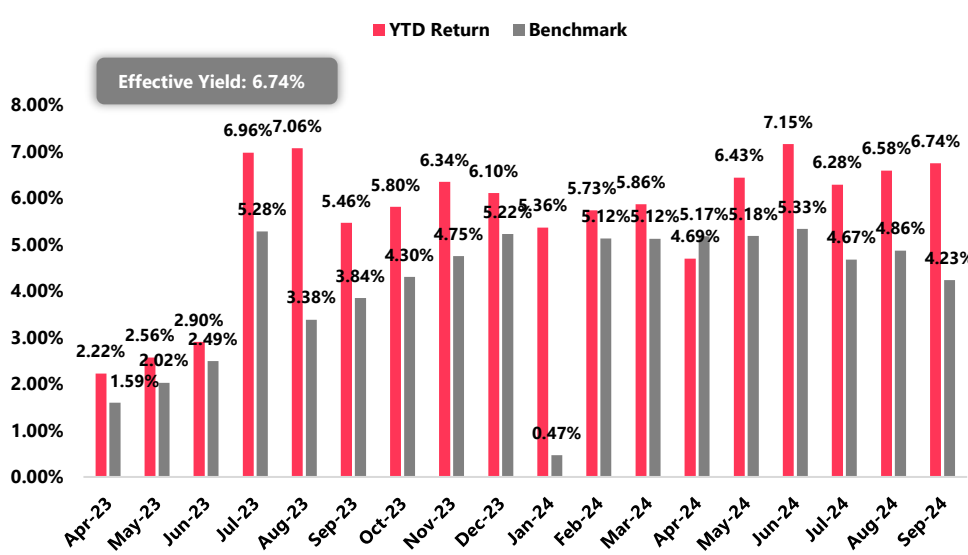
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on:

- 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%			
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	\$3.57Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

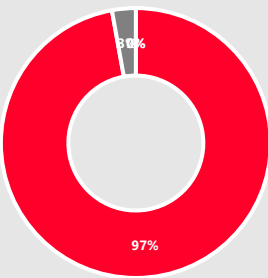
FUND FEES

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



- FG Bonds
- Corporate Bonds
- Fixed Deposits
- Cash

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

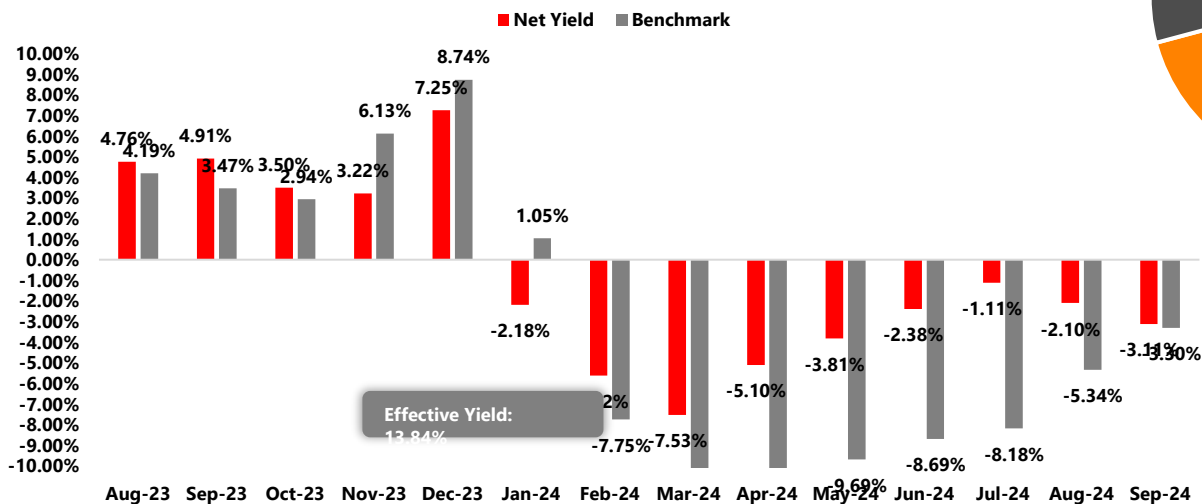
Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by research with market insight of the investment team to minimise risk exposure. Key risk management strategies include:

- 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	-2.18%	-3.51%	-2.02%	2.63%	1.36%	1.49%	1.29%	-1.00%	3.08%				1.18%
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	₦339 Million
Offer price	₦1.3758
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

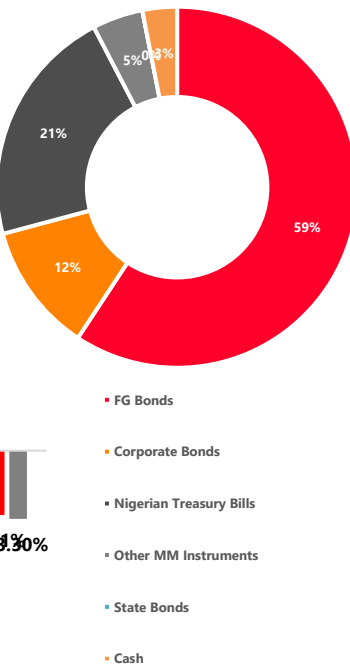
FUND FEES

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



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	₦191 Million
Offer price	₦1.5092
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

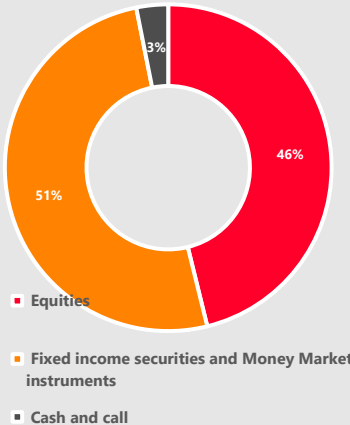
Entry charge	None
Exit charge	None
Early Redemption Charge	1.5% of net proceed

FUND CHARACTERISTICS

Equities Holding by Sector

Financials	19.56%
Industrials	9.98%
Consumers	4.38%
Agriculture	1.77%
Oil and Gas	4.06%
Telecommunications	4.89%
Total	44.64%

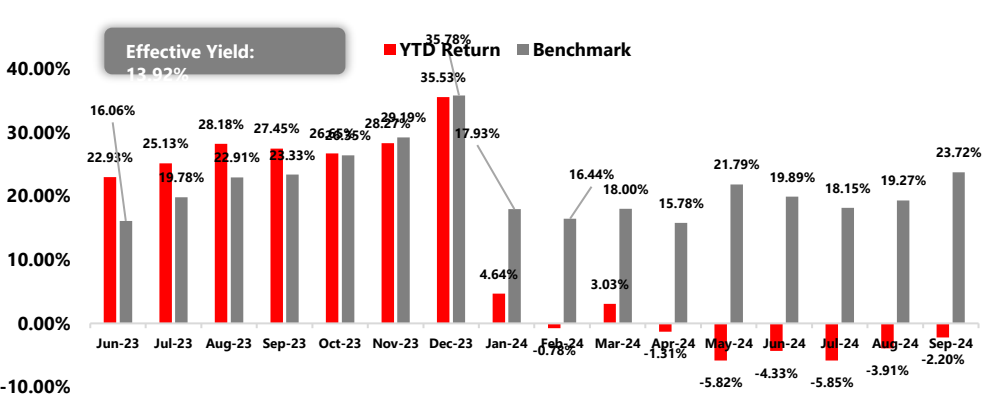
FUND ASSET ALLOCATION



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%				-2.21%
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



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