



Role of **equities** in
wealth creation

Stock up wealth with Balanced Funds

Why invest in equity for wealth creation?

As we enter dividends season, it's worthwhile reminding ourselves of the significant role that equities play in wealth creation. Historically, fixed-income investments, paying regular interest and presenting less risk have been the staple of Nigeria's traditionally risk-averse investors. Despite equities offering much higher returns, Nigerian investors have shied away from equities, as they are perceived to be much riskier.



In volatile markets dominated by high inflation and currency devaluation, relying exclusively on fixed-income instruments is, however, unlikely to produce inflation-adjusted returns. Without the dividends provided by equities, it is impossible to outperform the market and stay ahead of both inflation and currency devaluation.

How do you manage risk?

The challenge then becomes, how to access equities while managing risk. Coronation believes that key to managing the risk traditionally associated with equities is professional advice based on research supported by strict risk compliance and guided by a defensive investment strategy. In tough times, gaining exposure to equities through well-researched and constructed Balanced Funds that blend equities and fixed income instruments offer Nigerians risk-managed access to the higher levels of equity growth that often elude fixed income products. In short, Balanced Funds offer a much safer way to harness the potential of equities to outperform the market and deliver higher earning dividends.



The Coronation Balanced Fund

Coronation's Balanced Fund, for example, focuses on higher capital appreciation and income generation aimed at medium-term focused investors with risk appetites seeking income and moderate growth. The fund represents a diverse pool of Nigerian equities and fixed income securities such as FGN Bonds and Money Market securities with a target allocation of 40% - 60% for equities and FGN Bonds, and 10% to 35% for money market instruments. The fund strives to maintain a fixed income duration of five years (5) invested in largely Naira-denominated fixed income and money market instruments. The Coronation Balanced Fund is fully compliant with all SEC rules and practices.

Accessing equities through a professionally managed Balanced Fund and guided by a globally experienced Investment Committee and Research Team, the Coronation Balanced Fund selects a mix of growth and defensive stocks from stable sectors, thus providing the best defense against the volatility that has, historically, defined equity investing.

These kinds of professionally advised blends of well-researched equities and fixed income instruments position the Coronation Balanced Funds as the ideal instrument for ordinary Nigerians without the time or inclination to professionally research and identify winning assets to earn market-beating dividends and build wealth in volatile times.

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