

CORONATION

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Mutual Funds Factsheet

March 2024

Overview

The Monetary Policy Committee in its second meeting for the year raised the benchmark rate by 200bps, bringing the MPR to 24.75%, in line with our expectations of a 100-200bps hike. This decision further reinforces the CBN's commitment to reining in inflation and achieving stability for the Naira. In line with our expectations for the year, higher rates are here to stay.

The CBN seems to be achieving results in restabilizing and reinstating confidence in the FX market through its recent reforms as the Naira significantly appreciated by 21.82% by the end of March. Concerns, however, is how far the CBN is willing to go in its defense against the Naira if the supply constraints, especially from oil receipts are not fixed in the long term.

The effect of current macroeconomic realities was further reflected in the 2023FY results especially for the players in the consumer goods space as inflation continues to bite deep. This resulted in a negative bias towards tickers in the stock market, as attention shifted towards the banking tickers posting historical high growths in bottom-line earnings.

Fixed Income

Yields in the fixed income market improved for the month of March to investors' continued interest in the uptake of new instruments at auctions during the month following the 200bps hike in the MPR rate to 24.75% at the MPC meeting for the month.

Average yields on secondary market treasury bills rose 76bps to 17.66% pa owing to the addition of the Feb-25 bill with a yield of 22.27% and three maturing bills in March, however, the prevailing sentiment was a bullish tone. Across the yield spectrum, the average yield on the short-end of the curve added 169bps to 14.37%, the mid-point gained 51bps to 17.08%, while the long-end added 53bps to 20.31%.

In the FGN bond market, the average yield rose 219bps to 19.41% pa. due to sell-offs particularly on the short to medium-tenor bonds, as well as the incorporation of the Mar-27 bond. Average yields on the short-end gained 331bps to 19.61%, the mid-point added 226bps to 19.81%, while the average yield on the long-end of the curve rose 83bps to 18.67%.

In the primary market, the CBN offered a total of N660.71bn in Treasury bills auction during the month, with subscriptions reaching N5.78tn, bid-to-offer rose to 8.74x vs 3.34x in February. Subscriptions were up as investors sold down positions on existing instruments to take advantage of higher yields at auction following the 200bps point hike in MPR at the March MPC meeting. Total allotments settled at N2.67tn for the month, while stop rates at the last auction for the 91-day, 182-day, and 364-day bills were 16.24%, 17.00%, and 21.12%, respectively. Another OMO auction was conducted during the month where N500.00bn was offered across the 97-, 188-, and 363-day tenors, bid-to-offer rose to 2.28x from 1.91x in February, while bid-to-cover settled at 1.08x.

On bond auctions for the month, the DMO offered N450.00bn across bonds with 3, 7, and 10-year tenors, bid-to-offer increased to 1.37x from 0.76x in February. Total allotments were N475.66bn. Yields on the 7- and 10-year bonds increased by 150bps and 145bps, respectively, to 20.00% and 20.45%, while the yield on the 3-year bond closed at 19.94%

Equities

The equity market rebounded in March, recovering the losses in the previous month despite improving yields in the fixed-income market. Sentiment was mixed as investors reacted to companies' 2023FY results which were largely influenced by inflationary pressures as well as exchange rate volatility translating to operating and financing cost pressures for the consumer goods players but increased interest income and foreign exchange gains for financial service providers.

The NGX All-share index added 4.58% on the month, closing at 104,562.06 points, bringing the year-to-date return on the index to 39.84% from 33.71% in February. The performance for the month was driven by buying interest in Tier 1 banking tickers including Guaranty Trust Holding Company (32.58%), Access Holdings (27.94%), and Flour Mills of Nigeria (27.66%). Gains on these tickers were sufficient to offset the sell-offs in Nigerian Breweries (-9.69%), Dangote Sugar (-9.57%), and International Breweries (-7.29%).

Analysing sectoral performances for the month, the NGX Banking index led the gainers returning 21.21%, followed by the NGX Pension index adding 10.61%, the NGX Insurance index gaining 10.44%, and the NGX 30 index returning 2.89%. The losers log featured the NGX Oil and Gas index (-0.66%), the NGX Consumer Goods index (-0.78%), and the NGX Industrial Goods index (-0.92%).

Oil

Brent price closed the month at US\$87.48 per barrel up 4.62% on the month. The commodity price had gained 13.55% year-to-date and traded at an average price of US\$81.76 per barrel, 0.52% lower than its average price of US\$81.76 per barrel in 2023.

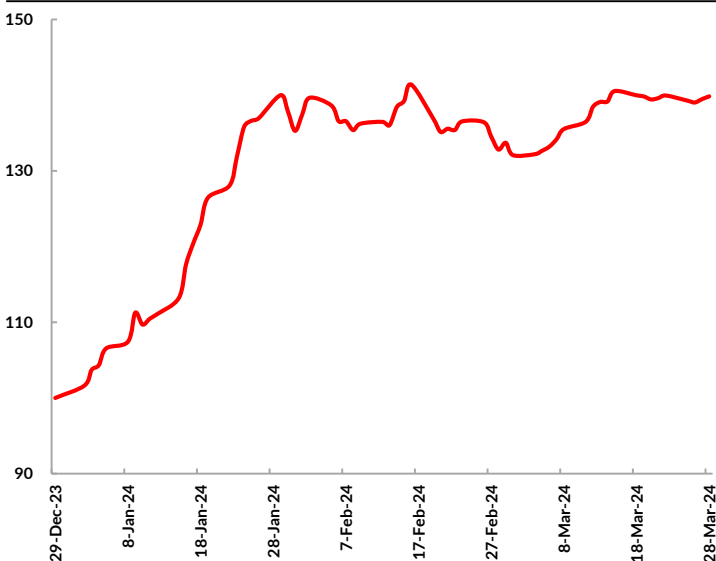
Rising geopolitical tensions in the Middle East heightened concerns about potential supply disruptions supporting the price. OPEC+ is not expected to alter its oil production policies until its full ministerial meeting in June. Additionally, Ukrainian attacks on Russian energy infrastructure have reinforced perceptions of tightening global crude supplies, supporting higher oil prices.

Currency

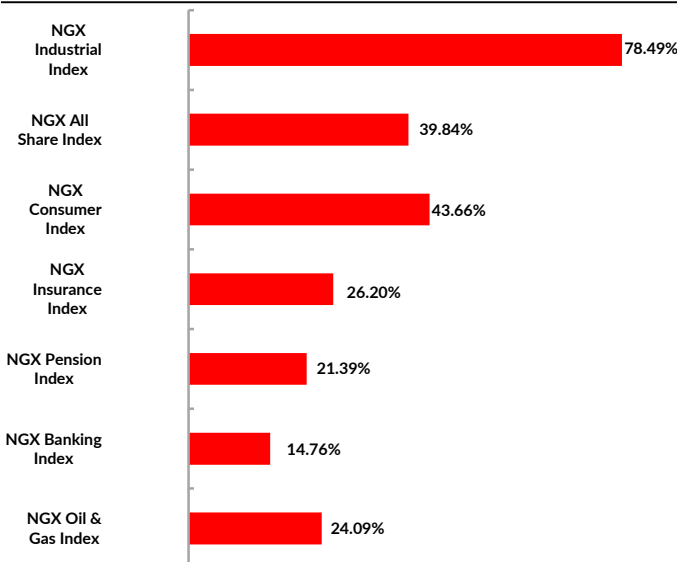
March brought in significant improvements in the foreign exchange market as the CBN continued to intervene in the market through the supply of FX to Bureau de Change operators and limiting the spread they could make from sales. There were also improved inflows from FPIs as well as remittances which contributed about 40% of the total inflow to the FX market enhancing the appreciation in the exchange rate.

At the NAFEM window, the Naira appreciated by 21.82% to end the month at N1,309.39/US\$1 moderating the year-to-date decline in the Naira to the US Dollar to 30.72% vs 43.13% in February. In the parallel market, the Naira gained 14.50%, closing at N1,310.00/US\$1, consequently, the gap between the official and street markets narrowed to 0.05% from 5.96% in February. The CBNs published gross foreign exchange reserve closed the month at US\$33.83bn adding 0.45% or US\$150.87m on the month.

NGX ASI, rebased 31 Dec 2023 =100



NGX sub-indices returns, 2024 YTD – 28 March 2024



Source: NGX, Bloomberg, Coronation Research

Global economic outlook

At its March meeting, the Federal Reserve held the benchmark rate steady at 5.25% - 5.50%. The decision was made noting a resilient labour market compared to the previous months. The Fed reiterated that cutting rates would come from greater confidence that inflation is moving sustainably toward 2%. Although inflation has declined, it remains above the target, prompting the Fed to express a strong commitment to returning inflation to 2%. We believe that the Bank may have reached its peak of rate hikes, and we anticipate possible rate cuts later this year. However, if data suggests otherwise the Bank is willing to keep rates higher for longer.

The European economic confidence index for rose to 96.3 from 95.5 in February, reflecting boosts in both consumer and business confidence. Consumers are anticipating a further easing of inflation, yet this hasn't led to increased intentions for major purchases, which have stayed consistent. This indicates that it is unlikely for consumer spending to see significant growth stalling economic activities in the region.

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.

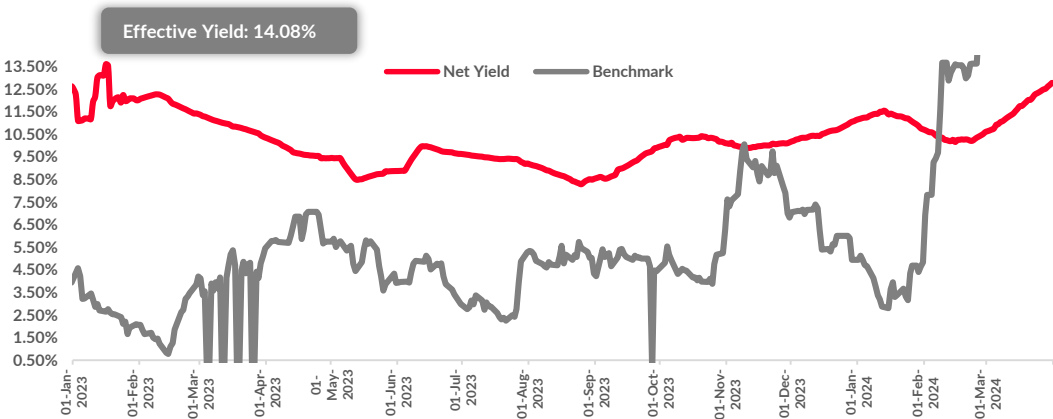
Risk Management

- 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%	10.60%	12.78%									
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	₦5.23 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

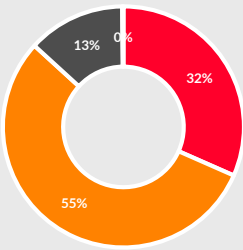
FUND FEES

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

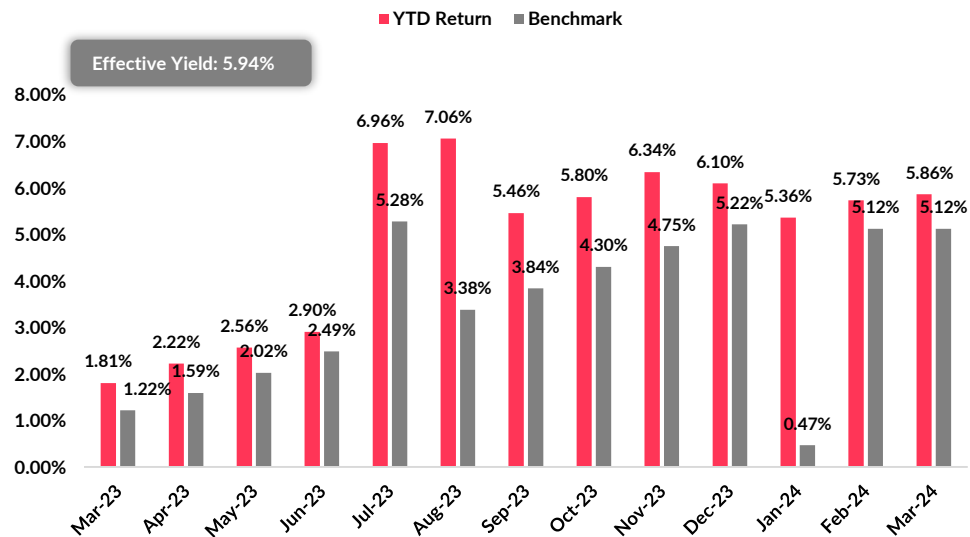
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on investing in high-quality issuers to reduce credit risk and employs strategies to limit interest rate risk through controlled durations.

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%	5.73%	5.86%									
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



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	\$2.89 Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

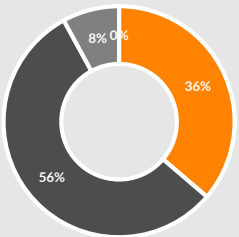
FUND FEES

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



- FG Bonds
- Corporate Bonds
- Fixed Deposits
- Cash

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.

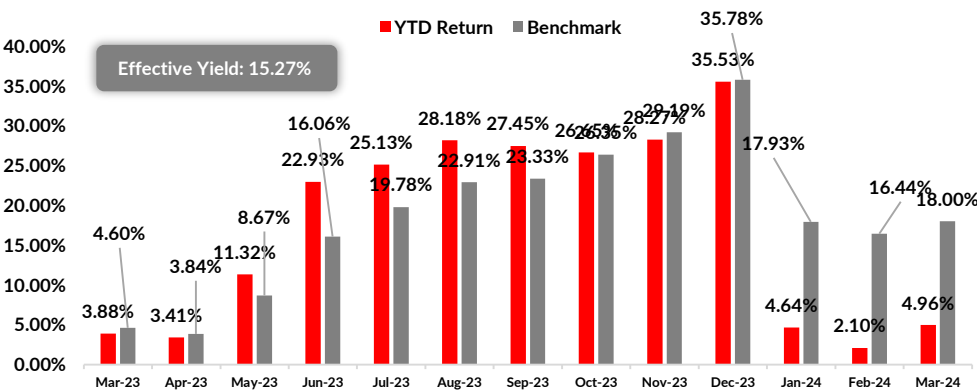
Risk Management

- 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%	2.10%	4.96%										4.96%
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	₦190 Million
Offer price	₦1.6625
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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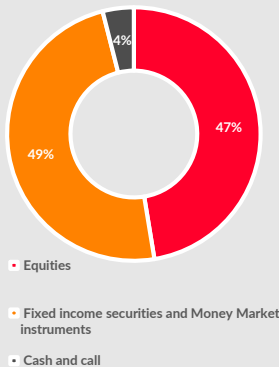
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	18.91%
Industrials	11.94%
Consumers	6.94%
Agriculture	1.32%
Oil and Gas	2.84%
Telecommunications	5.74%
Total	47.70%

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.

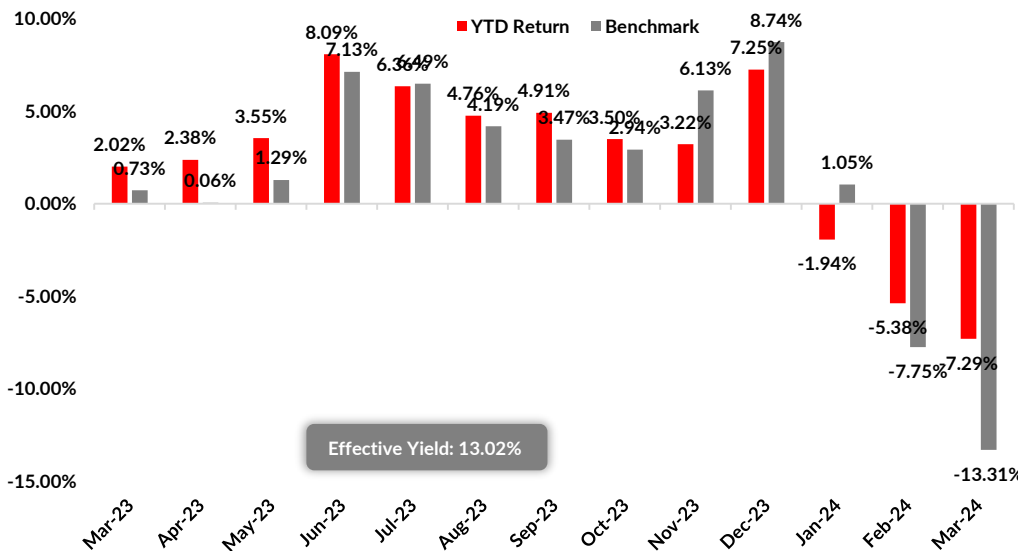
Risk Management

- 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%	-5.38%	-7.29%										-7.29%
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	₦307 Million
Offer price	₦1.300
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

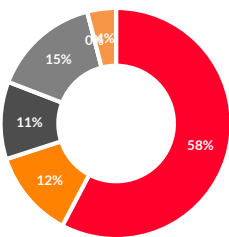
FUND FEES

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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