

CORONATION

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Mutual Funds Factsheet

July 2023

Macroeconomic and Market Review

July 2023

Overview

Nigeria's equity market closed mixed in the month of July with a positive tilt, as the All-Share index closed up by 6.71% while the Naira gained 1.63% in the I&E window to close at N756.94/US\$1 in the month of July.

Inflation remained elevated in July with data showing that prices had risen to 22.79% year-on-year, a headline inflation rate 38 basis points higher than the previous month. Food and Core inflation rose by 43 basis points to 25.25% and 21 basis points to 20.27% year-on-year respectively. Headline inflation continued to be impacted by structural issues such as insecurity, elevated commodity prices, fuel scarcity, and exchange rate pressure, among others.

Fixed Income

In July, the T-bill market traded on a bearish note. On average, the yields on secondary market Nigerian Treasury Bills (NTB) increased by +77bps across the curve to settle at 7.12%. At the longest available maturity, the yield on the 332-day NTB slipped/rose to 10.25% compared with a yield on a 328-day NTB of 7.70% a week earlier.

Across the T-bill primary auction in July, the CBN allotted N406.09bn worth of bills, the same as the amount maturing. The auctions recorded a total subscription of N1.09tn, implying an average bid-to-cover ratio of 2.68x (4.62x in June). Stop rates across the 182-day (-91bps to 4.25%) bills declined. Meanwhile, stop rates for both the 91-day and 364-day NTBs increased by +35bps and +67bps respectively.

Activity in the Federal Government of Nigeria (FGN) bond secondary market traded bearish in July as the average yield of FGN bonds increased by 12 basis points to 13.10% month-on-month. At the short end of the curve, the yield of a 3-year bond increased by +56 basis points to 11.54%, while at the long end, the yield of a 20-year bond declined by 68 basis points to 14.57% per annum.

At its latest FGN bond auction in August '23, the Debt Management Office (DMO) offered N360bn but raised a total of N227.75bn, which included non-competitive allotments of N2.50bn. The participation level (demand) declined significantly by 66% m/m to N312.56bn compared with N945.10bn recorded in June. The undersubscription at this bond auction can be largely attributed to the impact of heightened inflationary environment on investors sentiments. However, it is important to note that the 30-year bond recorded the highest subscription reflective of investors' appetite for long-term fixed assets despite the hazy macroeconomic environment. The bid-to-cover ratio stood at 0.6x when compared with 1.5x recorded in the previous month.

Yields increased across all tenors with both 10-year bonds increasing by +130bps and +140bps to 13.80% and 15.00% respectively. The 15-year bond increased by +110bps to 15.20%, and the 30-year bond by +153bps to 15.80%. We note that tightened system liquidity on the back of the recent OMO auction has led to higher rates on fixed-income assets.

At the OMO auction held recently in August '23, the CBN offered and allotted N150bn worth of OMO bills to market participants. The stop rates for the three tenors stood at; (96-day: 10.0%, 187-day: 12.98%), and (365-day: 14.49%

Equities

Following increased investors' optimism because of the positive reforms promised by the new President, domestic equities continued to trade on a high note during the month of July.

The NGX All-Share Index (NGX ASI) advanced higher by 5.53% month-on-month to settle at 64,337.52 points. This took the overall gain for the year to 25.53%. On market movers, gains across Stanbic IBTC Holdings (+28.70% m/m), FCMB Group (+28.43% m/m), Dangote Cement (+23.51% m/m), Fidelity (22.86% m/m) and Seplat (+20.99% m/m) drove the broad index's performance.

We expect a pickup in foreign investors' participation following the announcement of market-friendly reforms (removal of fuel subsidy, unification of FX rates, power sector reform, etc). Hence, we expect the market to sustain its bullish run as these reforms get implemented.

Oil

Global oil price closed the month with a positive performance in the month of July due to an additional production cut of 1.393 million barrels per day by OPEC+. Positive data from the US also supported oil prices. According to the US Bureau of Labor Statistics, GDP grew by 2.6% y/y in Q2 '23, compared with 1.8%y/y recorded in Q1 '23. This reflects resilient consumer spending, business investments as well as improved government spending. Headline inflation increased marginally to 3.2% y/y in July '23 compared with 3.0% recorded in June '23. This is the first uptick in headline inflation after 12 consecutive months of moderation. Inflationary pressures were significant in the cost of apparel (3.2% y/y vs 3.1% y/y), and transportation (9% y/y vs 8.2% y/y). Meanwhile, inflation moderated for food (4.9% y/y vs 5.7% y/y), and shelter (7.7% y/y vs 7.8% y/y. Brent gained 13.29% m/m and traded at an average price of USD85.43/bbl,

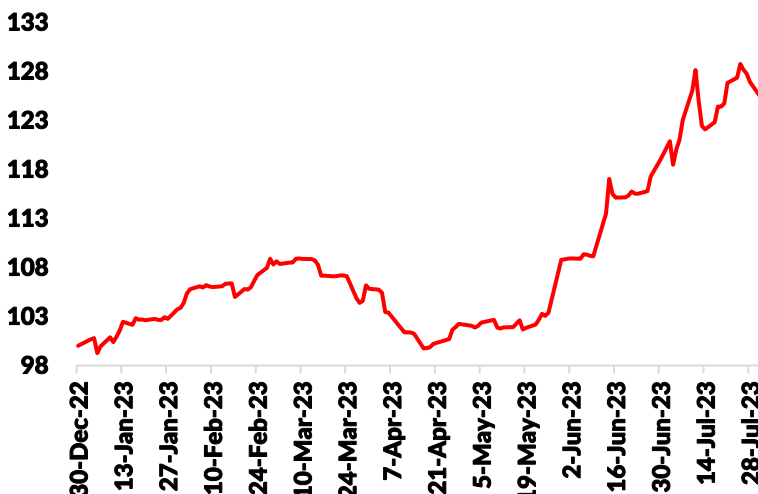
Currency

In July, the exchange rate at the Investors and Exporters Window (I&E Window) gained 1.63% m/m to close at N756.94/US\$1.

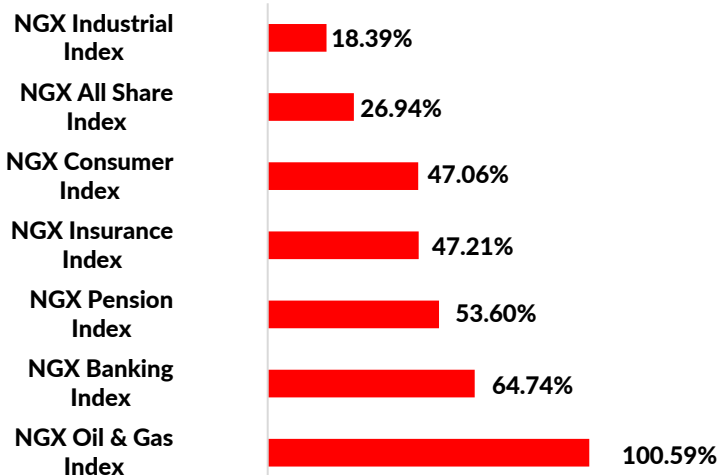
The CBN's published FX reserves fell for the eleventh successive month, declining by 0.49% (or US\$167.20mn) m/m to US\$33.95bn, reflecting intervention efforts of the CBN across the various FX windows.

The Federal Government has committed to supplying the market with some foreign currency while it stabilizes. Following the implementation of the new market changes, we anticipate that foreign investor inflows will contribute to increased FX market liquidity.

NGX ASI, rebased 31 Dec 2022=100



NGX sub-indices returns, 2023 YTD – 31 July 2023



Source: NGX Exchange, Coronation Research

Global economic outlook

There were upward revisions in the 2023 growth projections for major economies including the United States, and Eurozone. Growth in the United States was revised upwards (marginally) from 1.6% y/y (in its April WEO) to 1.8% y/y in July 2023. This can be attributed to the recent resolution of the US debt ceiling conundrum, as well as the containment of the financial banking crisis. In addition, Eurozone growth was also revised upwards from 0.8% y/y (in its April WEO) to 0.9% y/y in 2023. For the UK, growth was revised upwards from a projected contraction of -0.3% y/y (in its April WEO) to 0.4% y/y in 2023. This can be attributed to the Windsor framework agreement which has improved business confidence as well as a resilient financial sector.

Meanwhile, for China, the growth forecast was left unchanged from April's WEO to remain at 5.2% y/y in 2023. The projection considered the rebound in economic activities after its reopening. We note that the PBoC left its policy rate unchanged at its July '23 meeting to boost economic growth. Notwithstanding, persisting challenges in its real estate sector and the possibility of a global recession remain downside risks.

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.

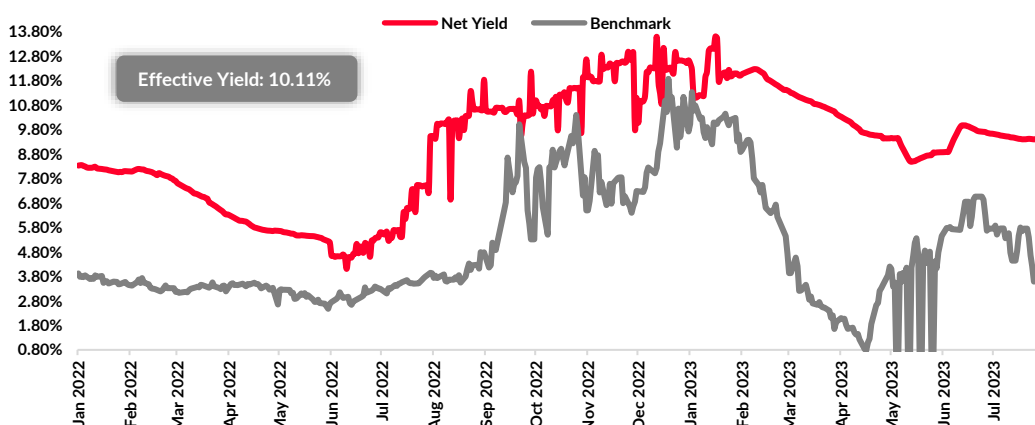
Risk Management

- 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
2023	12.08%	11.40%	10.36%	9.45%	8.88%	9.64%	9.21%					
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	₦4.7 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

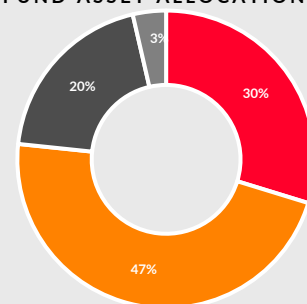
FUND FEES

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 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

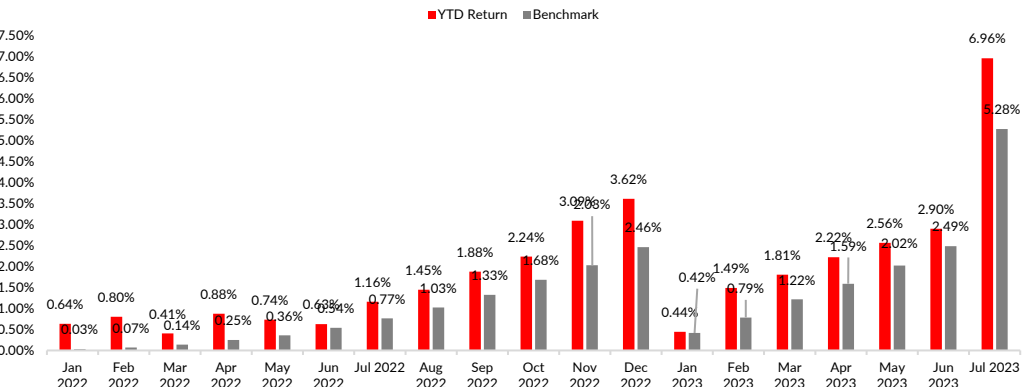
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on investing in high-quality issuers to reduce credit risk and employs strategies to limit interest rate risk through controlled durations.

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
2023	0.44%	1.49%	1.81%	2.22%	2.56%	2.90%	**6.96%					

HISTORICAL YTD RETURN VS. BENCHMARK



****The conversion of the fixed income dollar fund into a money market dollar fund has resulted in a shift away from fixed pricing. As a result, there is a variation in yields between the months of June and July, reflecting the dynamic nature of the fund's new approach.**

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	\$1.40 Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

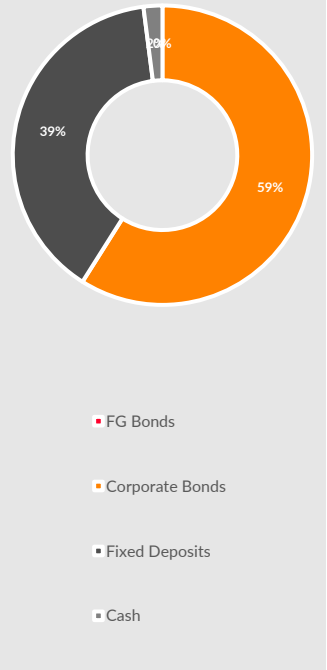
FUND FEES

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



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.

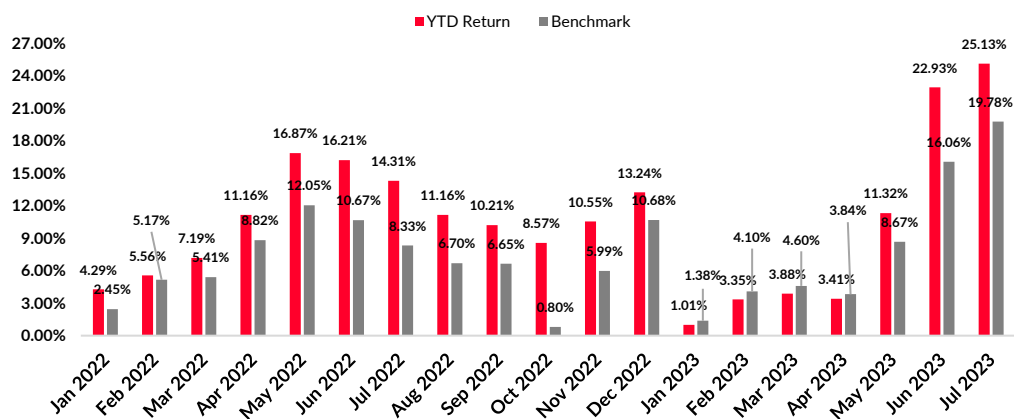
Risk Management

- 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
2023	1.01%	2.32%	0.51%	-0.45%	7.65%	10.44%	1.79%						25.13%
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	₦161 Million
Offer price	₦1.4273
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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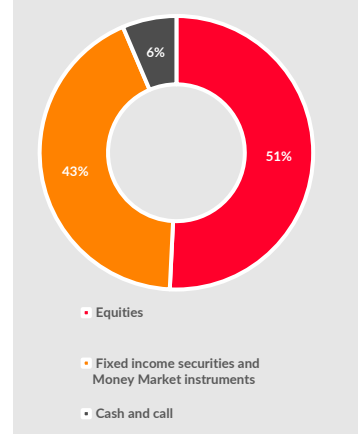
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	17.38%
Industrials	13.97%
Consumers	4.30%
Agriculture	2.71%
Oil and Gas	4.72%
Telecommunications	7.70%
Total	50.78%

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.

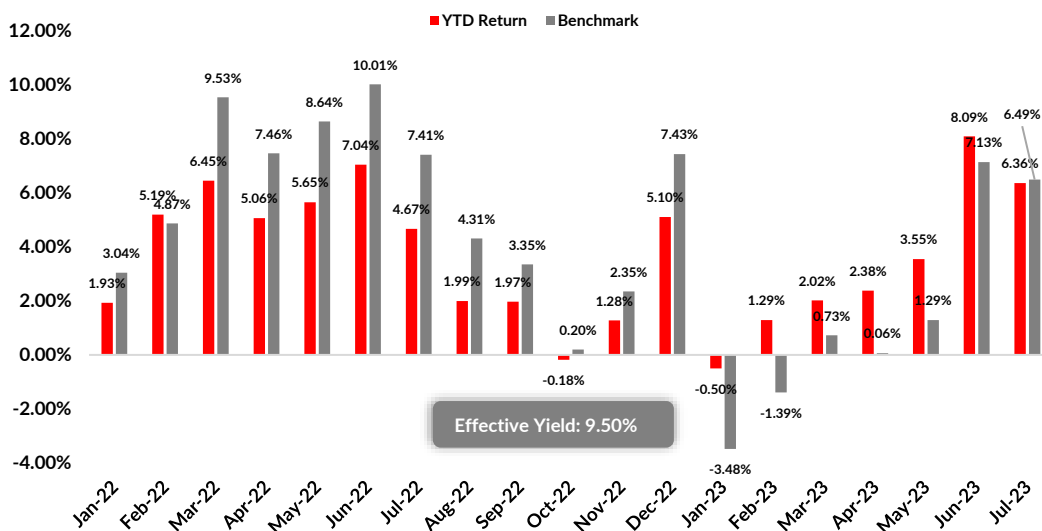
Risk Management

- 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
2023	0.49%	1.80%	0.72%	0.35%	1.14%	4.38%	-1.60%						6.36%
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	₦354 Million
Offer price	₦1.4081
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

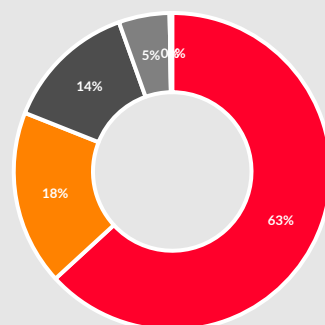
FUND FEES

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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