

CORONATION

Mutual Funds Factsheet

January 2023

Macroeconomic and Market Review

January 2023

Overview

January extended bullish sentiment across Nigeria's financial markets with buying interest persisting across equities and T-bills, while the FGN bond market sustained sell pressure ahead of the Debt Management Office's elevated domestic borrowings. Pressure remained on the exchange rate of the Naira in the I&E window. On the macroeconomic side, December's headline inflation eased by 12bps to 21.34% y/y. Food inflation (-37bps to 23.75% y/y) also moderated, reflecting the impact of base effect from the same period a year ago. However, core inflation (+25bps to 18.49% y/y) rose, attributable to the price increases across all the core inflation sub-baskets amid the intermittent PMS scarcity, lingering impact of high energy prices, and increased spending in line with the festive period. Elsewhere, on 27 January, Moody's Investors Service ("Moody's") downgraded Nigeria's sovereign credit rating further to 'Caa1' from 'B3' and changed the outlook to 'Stable'.

Fixed Income

In January, T-bill yields across the curve extended the downward trend following expanded system liquidity from maturities and coupon payments of government securities. On average, the yields on secondary market Nigerian Treasury Bills (T-bill) declined by 381 basis points across the curve to settle at 1.56% pa. Across the T-bill primary auctions in January, the DMO allotted N277.47bn (US\$600.91m) worth of bills. The auctions recorded a total subscription of N1.43tn, implying an average bid-to-cover ratio of 5.78x (vs 3.31x average in 2022). Consequently, stop rates across the 91-day (-246bps to 0.29%), 182-day (-535bps to 1.80%) and the 364-day (-371bps to 4.78%, implying an 5.02% yield) bills declined.

Following expectations of elevated domestic borrowing by the Federal Government, the average yield of FGN bonds rose by 31 basis points to 13.35%. However, at the short end of the curve, the yield of a 2-year bond fell by 372 basis points to 8.00%, while at the long end, the yield of a 20-year bond rose by 130 basis points to 15.15%. At the first FGN bond auction of the year, the Debt Management Office (DMO) allotted a total of N662.62bn (US\$1.44bn). Demand was strong, as reflected by a total subscription of N805.17bn and a bid-to-offer ratio of 2.24x (vs 2.37x at the last auction). Consequently, the yield on the April 2032 (+15bps to 15.00%) bond expanded, while the yields on the February 2028 (14.00%), April 2037 (15.80%) and April 2049 (15.90%) bonds remained unchanged. Nevertheless, we reiterate our view that fixed income yields are likely to rise over the medium term owing to an expected increase in domestic borrowing by the FGN to finance the budget deficit and tight domestic monetary policy amidst global monetary policy normalisation.

Equities

The good fortunes of the domestic bourse continued in January as the NGX Exchange All-Share Index recorded its third consecutive monthly gain as fixed income yields declined. As a result, the NGX All-Share Index (NGX ASI) rose by 3.88 m/m to settle at 53,238.67 points, its highest level since 7 June 2022. On market movers, gains across index heavyweights such as MTNN (+4.65% m/m), Geregu (+29.33% m/m), BUA Foods (+14.62% m/m), Airtel Africa (+1.53% m/m), Dangote Cement (+2.26% m/m) and BUA Cement (+1.74% m/m) buoyed the broad index's performance. Consequently, the year-to-date (YTD) return stood at 3.88%.

We expect continued support for the market as (1) investors position themselves in dividend-paying stocks ahead of the FY2022 earnings season and (2) market interest rates remain consistently low.

Oil

Oil prices opened the year in their worst start in over three decades following: (1) indications of an increase in crude exports from Russia's Baltic ports in early February; (2) and (2) concerns about increased global supply from Nigeria and (3) renewed fears of an economic slowdown as stronger-than-expected US Q4 GDP growth raised the odds of the US Federal Reserve keeping interest rates high for a long time. As a result, Brent crude fell to as low as US\$77.84/bbl, the lowest level since 9 December 2022, before settling at US\$84.49/bbl. Month-on-month, Brent lost 1.65% and traded at an average price of US\$84.00/bbl, 15.23% lower than the average of US\$99.09/bbl in 2022.

We maintain that prices are likely to remain well above the US\$73.00/bbl set in Nigeria's government budget

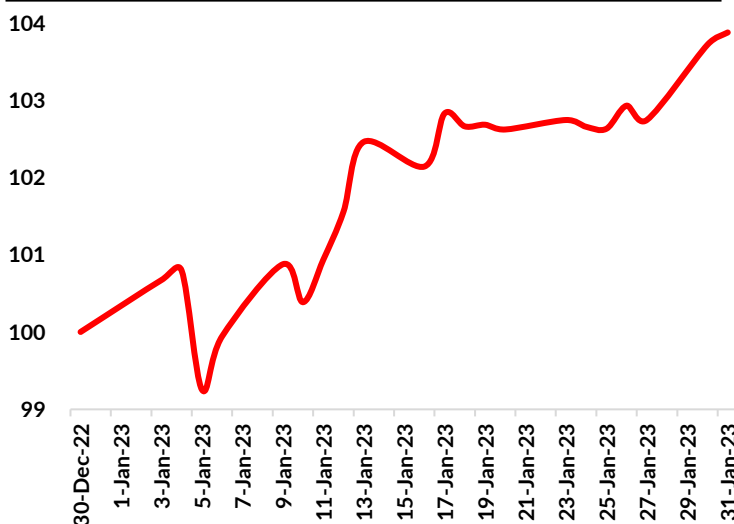
Currency

In January, the exchange rate at the I&E Window closed flat m/m at N461.50/US\$1. In addition, liquidity at the window declined as average daily turnover fell by 38.61% m/m to US\$99.46m.

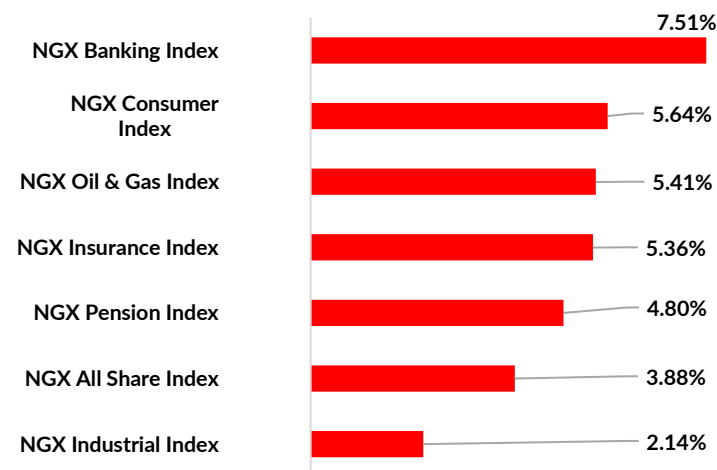
The CBN's published FX reserves fell for the sixth successive month, declining by 0.23% (or US\$76.68m) m/m to US\$37.02bn, reflecting intervention efforts of the CBN across the various FX windows.

The CBN has maintained the exchange rate in the I&E Window within a narrow range all year. With its FX reserves close to historic highs, we expect the exchange rate to be maintained at very close to current levels for several months, at least.

NGX ASI, rebased 31 Dec 2022=100



NGX sub-indices returns, 2023 YTD



Source: NGX Exchange, Coronation Research

Global economic outlook

2023 is poised to be a better year than 2022 which was marred by slow global economic growth as the ongoing war in Ukraine, elevated inflation, aggressive tightening by monetary authorities around the world.

While emerging and frontier economies continue to tighten monetary policy in response to high inflation, there appears to be some respite as economic data so far in the year show disinflationary prospects and the improved chances of avoiding a global recession. In the US, the Federal Open Market Committee (FOMC) raised its funds rate by 25bps in January to a band of 4.50% to 4.75%, marking the eight consecutive rate hike and first of the year. This is effectively a total of 425bps since 2022. The European Central Bank (ECB) and the Bank of England also each delivered 50bps hikes in their respective benchmark rates. For China, easing of its stringent Covid-19 restrictions, border reopening and fiscal & monetary expansion to support certain key economic subsectors aims to improve sentiment around global economic recovery. Nevertheless, according to the World Bank, the global economy is projected to grow by 1.7% in 2023 and 2.7% in 2024, while Sub-Saharan Africa is expected to grow by 3.6% in 2023 and rise to 3.9% in 2024.

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 minimise risk exposure.

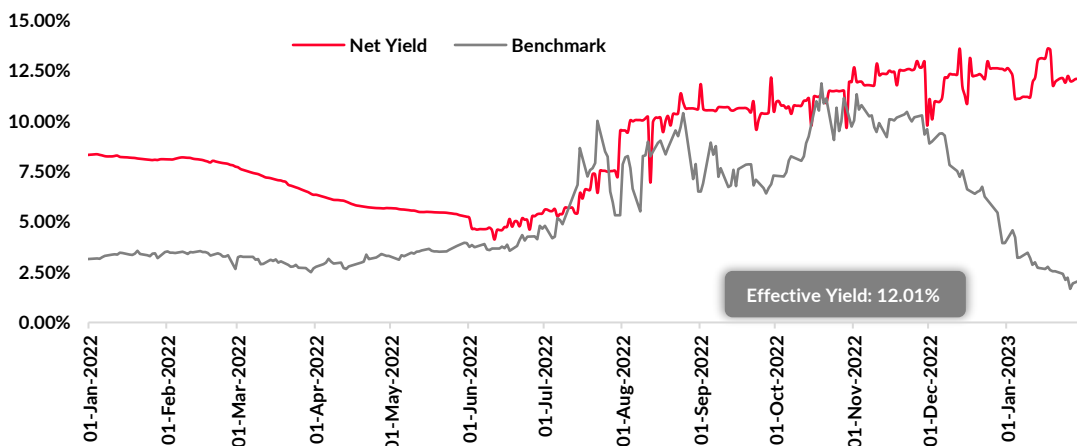
Risk Management

- 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 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%											
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%
2018	16.95%	15.20%	15.06%	14.09%	13.19%	12.70%	12.01%	12.33%	14.97%	11.31%	12.08%	12.47%
2017									2.53%	11.35%	17.40%	17.33%

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	₦4.1 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

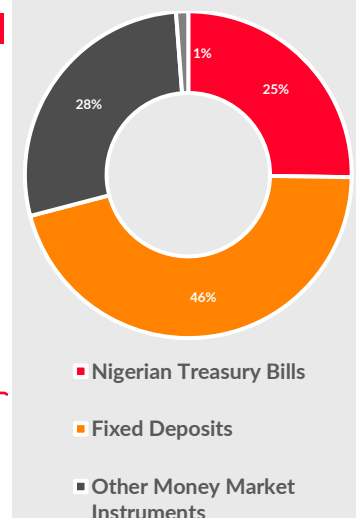
FUND FEES

Management	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 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 minimise risk exposure.

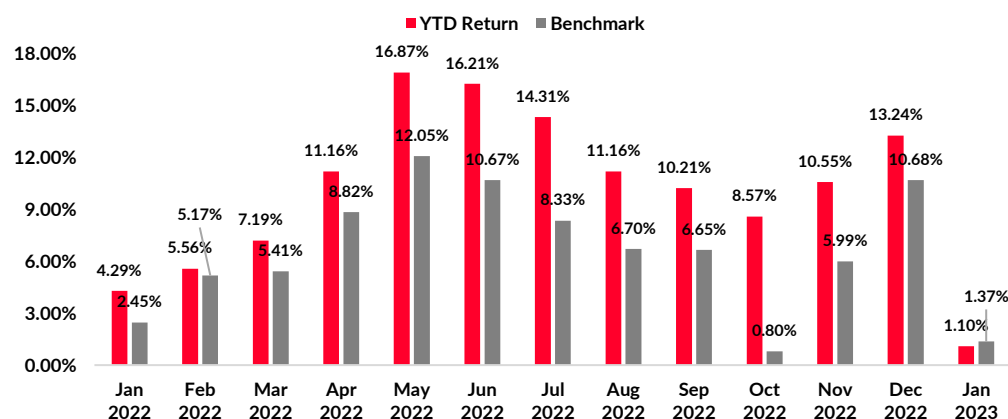
Risk Management

- 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	1.10%												1.10%
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%
2018	6.54%	-0.92%	1.86%	0.98%	0.39%	1.46%	1.55%	-22.60%	-4.82%	0.24%	-1.08%	31.74%	4.87%
2017									0.05%	2.54%	7.11%	-2.83%	6.79%

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	₦124 Million
Offer price	₦1.2188
Income Distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

FUND FEES

Management	1.50% p.a.
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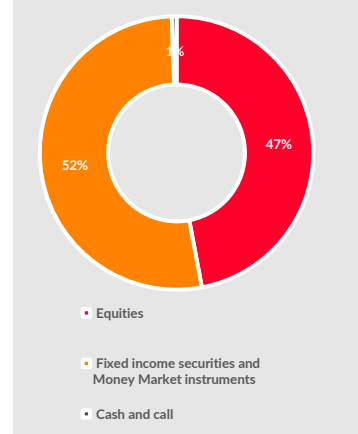
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	8.19%
Industrials	13.85%
Consumers	2.69%
Agriculture	7.84%
Oil and Gas	5.18%
Telecommunications	9.28%
Total	47.04%

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.

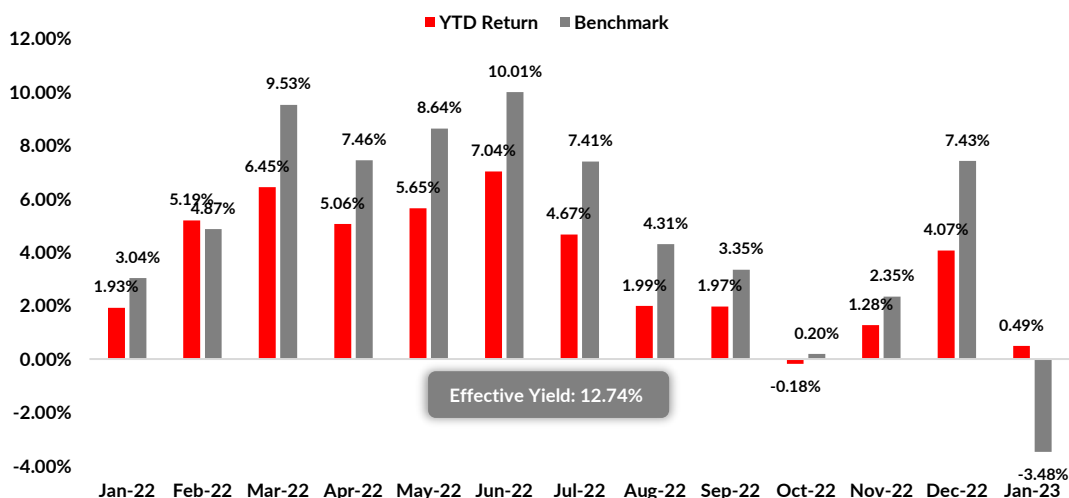
Risk Management

- 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%												0.49%
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%
2018	3.50%	-1.10%	3.83%	0.89%	0.92%	1.34%	5.96%	-10.34%	0.33%	4.31%	0.91%	0.66%	6.74%
2017									0.91%	0.65%	1.21%	2.07%	4.92%

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)
Benchmark	Weighted average of 3-year+10-year FGN bond
Currency	Nigerian Naira
Accounting	Mark-to-Market
Fund size	₦331 Million
Offer price	₦1.3534
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

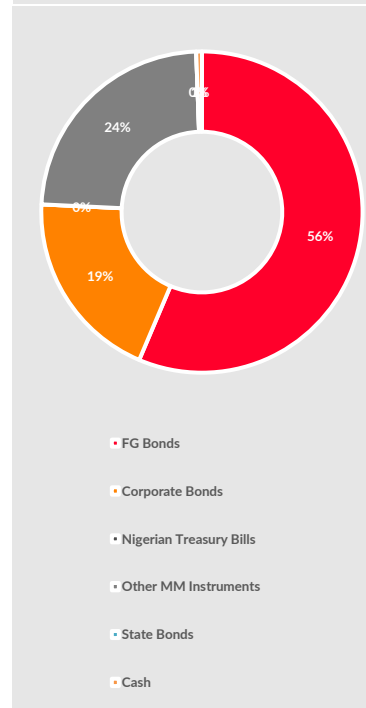
FUND FEES

Management	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 Fixed Income Dollar 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 dollar 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 Strategies:

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.

Suitable Investor

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 is vetted by research with market insight of the investment team to minimise risk exposure

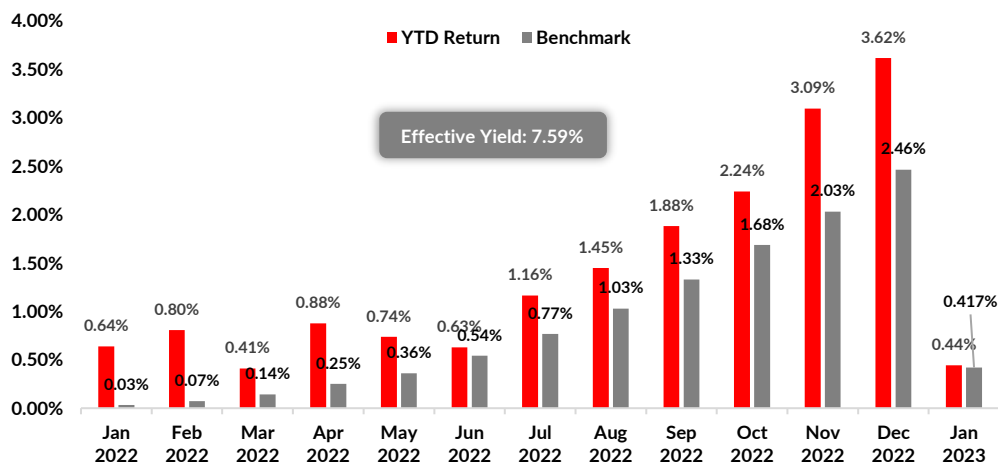
Risk Management

- High quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Issuer's concentrations 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 FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2022	0.44%												0.44%
2022	0.64%	0.17%	-0.39%	0.47%	-0.14%	-0.11%	0.53%	0.28%	0.42%	0.36%	0.84%	0.51%	3.62%
2021	-1.81%	1.60%	-2.20%	1.92%	1.18%	0.31%	0.21%	0.29%	-0.79%	-0.16%	0.07%	0.11%	0.51%
2020		-2.16%	-17.04%	3.92%	11.45%	4.91%	1.61%	4.65%	-3.60%	2.13%	6.62%	2.37%	12.69%

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	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	\$830 Thousand
Offer price	\$ 1.1685
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$10,000
Minimum additional transaction size	\$5,000

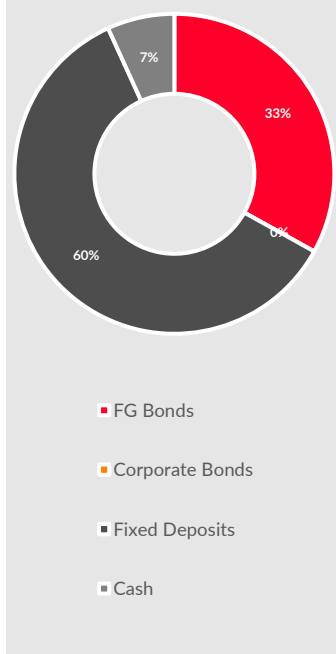
FUND FEES

Management	1.0% p.a.
Others	1.50%

FUND CHARGES

Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



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