

CORONATION

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Mutual Funds Factsheet

October 2024

Macroeconomic and Market Review

October 2024

Overview

As had been the case in September, October saw the Central Bank of Nigeria taking liquidity out of the financial system through auctions of T-bills and other instruments. Market interest rates rose, both in the T-bill market and the FGN bond market. We expect rates to remain elevated going forward.

The reduction in Naira liquidity occasioned by the CBN did not prevent depreciation of the Naira in the foreign exchange market. Here demand was seasonally strong. All the same, the parallel rate traded within 5.0% of the official, NAFEM, rate which was encouraging.

Fixed Income

In line with the CBN's liquidity management strategy, two Open Market Operations (OMO) auctions were conducted during the month, as well as two primary market auctions for Treasury Bills. The Debt Management Office (DMO) also held a primary auction for FGN bonds. These actions effectively mopped up liquidity in the market, resulting in a crunch, with average system liquidity for the month at a negative N573.84bn. We expect this trend to continue as the CBN ensures price stability is achieved given the uptick in headline inflation to 32.70% in September, after two months of deceleration. This also means an upward move in market rates.

For context, the CBN sold a total of N1.64tn in OMO bills at its two auctions. This implied a net issuance of N836.37bn. Demand surged to a total of N1.65tn with all of the demand for the 1-year bills. Yields ticked down at the second auction on the 361-day bill to 31.99% pa (the same as September's close) from 32.05% pa at the first OMO auction of the month.

A total of N456.57bn (vs N622.74bn in September) was offered at the primary market auction for Treasury bills across the 91-day, 182-day, and 364-day maturities. Demand reached N763.12bn down by 61.8% from the previous month. Total sales were equal to the amount offered. Yields on the 91-day and 182-day bills remained unchanged at 17.75% and 19.17%, respectively, while the yield on the 364-day bill added 102bps to 26.01%.

At the FGN bond auction, the DMO offered a total of N180.00bn across the Apr-2029 and Feb-2031 bonds and this was oversubscribed by N209.3bn. Total allotments were up by 9.5% from the previous month to N289.6bn, though yields up by 175bps on both bonds to 20.75% and 21.74%, respectively.

Sentiment in the secondary fixed-income market was bearish, which we attribute to investors selling short-term instruments to meet obligations as liquidity was short. Average yields on Treasury bills rose to 24.12% pa, adding 220bps, driven by sell-offs across all tenor buckets. In the FGN bond market, average yields were up by 71bps to 19.49% pa, caused for the most part by sell-offs at the short-end of the yield spectrum where average yields added 135bps to 20.57%.

Looking ahead to November, we expect the story to remain the same, and while coupon payments and monthly FAAC allocations may provide some respite to liquidity in the market, the roster of scheduled auctions and OMO auctions which may come up as deemed fit by the CBN are likely to mop up liquidity from the system. We also expect market rates to remain elevated as market participants anticipate the CBN's November MPC meeting at which we expect the committee to continue monetary policy tightening.

Equities

Following a gain the previous month, the NGX All-Share Index lost some of its momentum, declining by 0.92% (vs +2.05% the previous month) to end at 97,651.23 points. This pullback adjusted the year-to-date return down to 30.60%. Bearish sentiment was largely driven by investors' reaction to 9M 2024 results as well as a cautious approach towards the newly-listed Aradel Holdings.

During the month, strong buying interest in Seplat Energy (+38.92% m/m), Zenith Bank (+5.83% m/m), and United Bank for Africa (+5.30% m/m) was offset by losses in Dangote Cement (-10.00% m/m), MTN Nigeria (-8.32% m/m), and Aradel Holdings (-29.54% m/m). Partly as a result of the new listing, the market capitalization increased by N2.54tn, closing at N59.17tn.

Sectoral performance was largely positive. The NGX Oil and Gas Index led the way, gaining 15.90% during the month, followed by the NGX Banking Index with a 4.78% increase and the NGX Pension Index, which rose by 4.77%. The NGX Insurance Index posted a 4.01% gain, while the NGX 30 Index edged up by 0.18%. By contrast, the NGX Industrial Goods Index declined by 9.31%, and the NGX Consumer Goods Index fell by 0.75%.

Oil

Brent Crude closed at US\$72.55 per barrel, gaining 1.09% from US\$71.77 per barrel at the end of September. This brought the year-to-date gain down to 5.83%, with an average trading price of US\$81.17 per barrel year-to-date, 1.24% less than its average price of US\$82.19 per barrel in 2023.

Prices moved upwards as investors moved to hedge against rising uncertainty in the Middle East. At the same time, the market received more bearish prognosis about likely global demand in 2025. The focus remained on Israel's response to the 1 October Iranian missile attack, with concerns that retaliatory strikes might target critical oil infrastructure. However, Iranian oil facilities were ultimately spared.

CORONATION

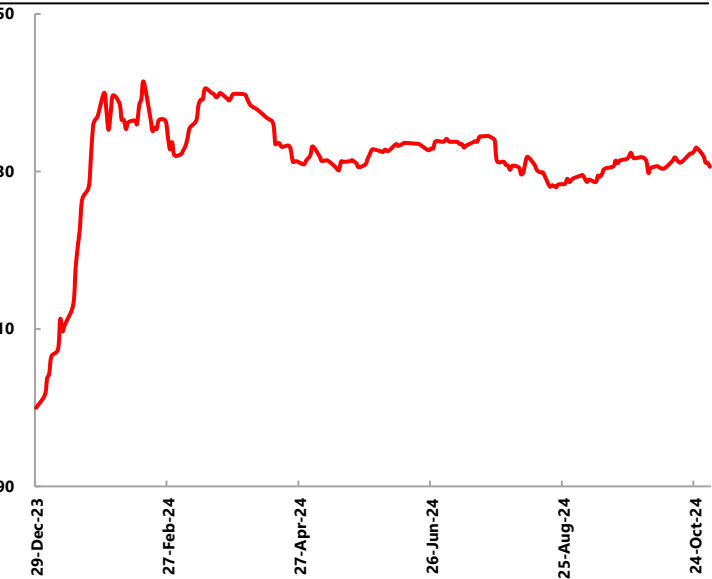
Currency

Demand pressure resurfaced in the FX market in October. We noticed depreciation, particularly at the NAFEM window, likely due to increased demand for tuition fees and travel as the academic year is underway and the festive season approaches.

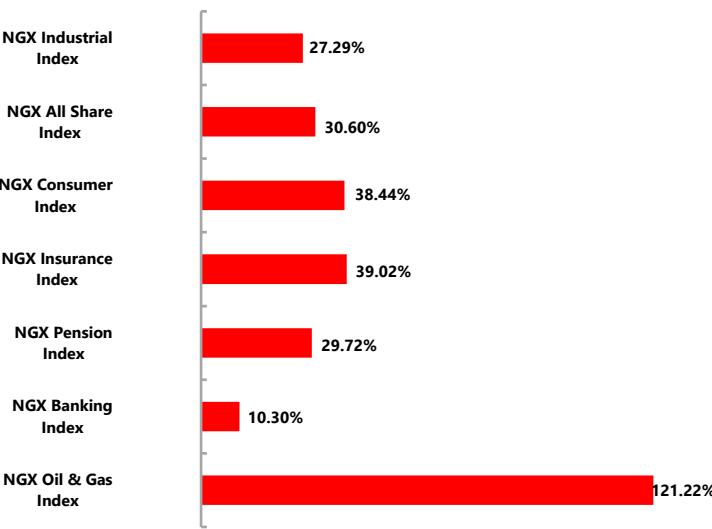
The NAFEM rate lost 7.97% to the US dollar to close at N1,675.49/US\$1, bringing the Naira's year-to-date depreciation of the Naira to the greenback to 45.86%, 3.26% shy of its total depreciation in 2023. The parallel market rate recorded a 2.46% loss to N1,750.00/US\$1. Owing to the bigger dip in the official rate, the premium against the street market rate moderated to 4.45%, or N74.51 (vs 10.70% in September).

The Central Bank of Nigeria's published gross foreign exchange reserve added US\$1.43bn during the month to close at US\$39.79bn. The growth in the reserves is attributed to a reduction in the defence of the Naira in the FX market, allowing market forces determine the value of the Naira, according to the CBN Governor.

NGX ASI, rebased 31 Dec 2023 = 100



NGX sub-indices returns, 2024 year to 31 October



Source: NGX Exchange, Bloomberg, Coronation Research

Global economic outlook

The US economy remained strong in October, with most indicators surpassing expectations. These tempered expectations of additional Fed rate cuts this year of 50bps to 25bps. A robust labour market, including a notable September non-farm payrolls gain of 223,000 (although reduced to a 12,000 gain in October) and a dip in the unemployment rate to 4.1%, both supported a cautious approach by the Federal Reserve. US inflation showed mixed signals, with headline CPI at 2.4% but with core inflation ticking up slightly. Production remains a weak spot, with manufacturing indices below neutral and industrial production contracting. By contrast, consumer demand and sentiment were buoyant in October, with retail sales rising and new home sales exceeding forecasts. The University of Michigan consumer sentiment index hit a six-month high of 70.5 points, signaling potential resilience in demand. However, market attention shifted towards the outcome of the US presidential election, while also keeping an eye on unfolding events in the Middle East and the upcoming Federal Open Market Committee (FOMC) meeting.

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:

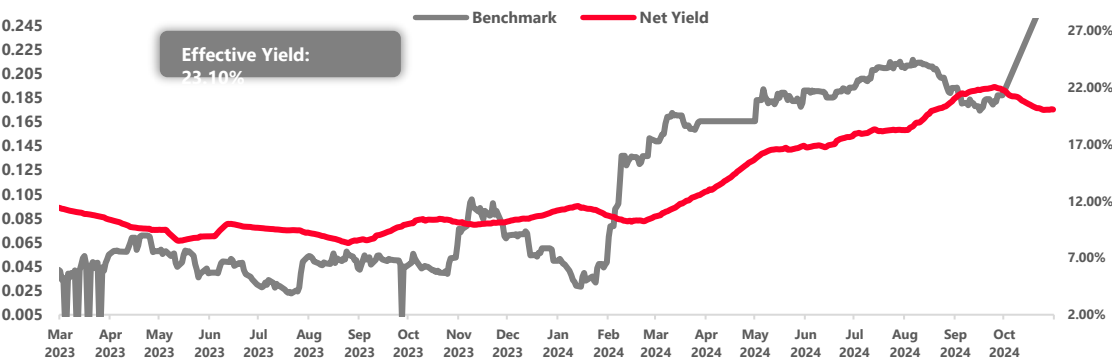
- High-quality issuer selection
- Duration limits
- Issuer concentration limits
- Rigorous selection criteria
- Independent risk and compliance review.

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% | 20.04% | | |
| 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



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 | ₦8.53 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 |

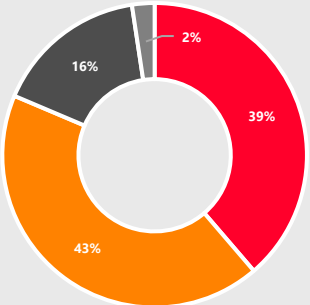
FUND FEES

| | |
|-----------------|-----------|
| Management fees | 1.0% p.a. |
|-----------------|-----------|

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

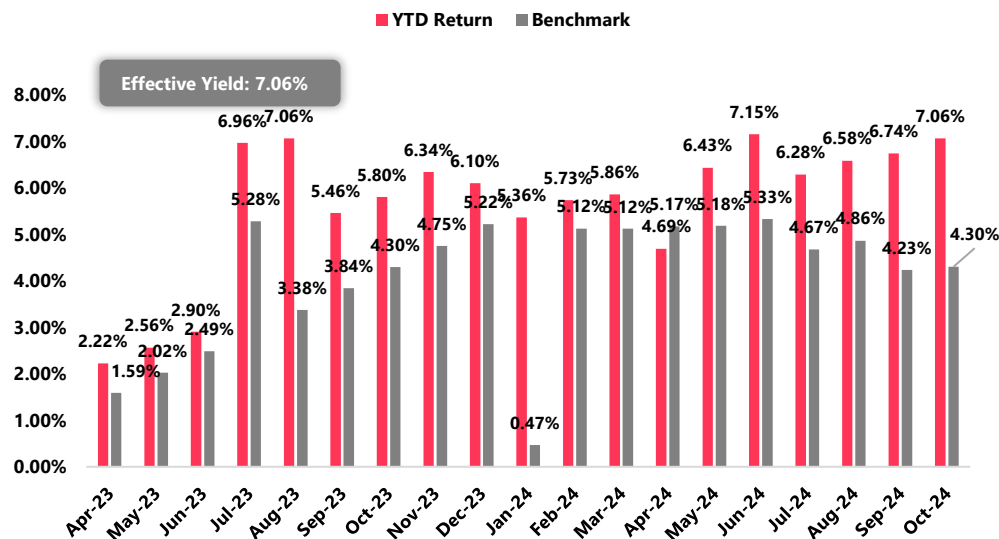
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on:

- 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% | 7.63% | | |
| 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 |
|---|---|---|---|---|---|---|

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 | \$3.63Million |
| Offer price | \$ 1.00 |
| Income distribution | Annually |
| Minimum holding period | 6 months |
| Minimum initial transaction size | \$1,000 |
| Minimum additional transaction size | \$500 |

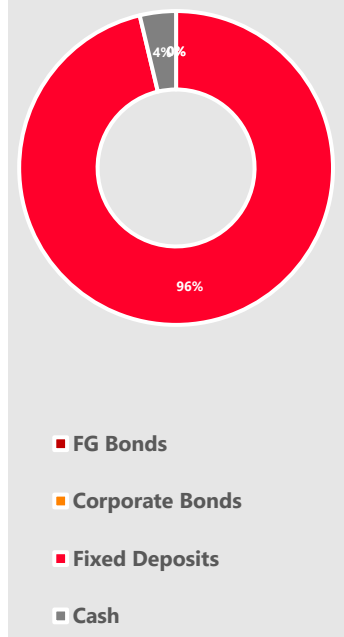
FUND FEES

| | |
|-----------------|-----------|
| 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

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 Nitty 1 Year + 50% of NSE 30 Index + 25% 5-Year FGN Bond |
| Currency | Naira |
| Accounting | Mark-to-Market |
| Fund size | ₦191 Million |
| Offer price | ₦1.5397 |
| 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. |
|-----------------|------------|

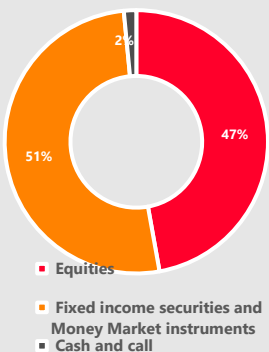
FUND CHARGES

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

FUND CHARACTERISTICS

| | |
|----------------------------|--------|
| Equities Holding by Sector | |
| Financials | 20.82% |
| Industrials | 9.07% |
| Consumers | 4.13% |
| Agriculture | 1.65% |
| Oil and Gas | 5.01% |
| Telecommunications | 6.50% |
| Total | 47.18% |

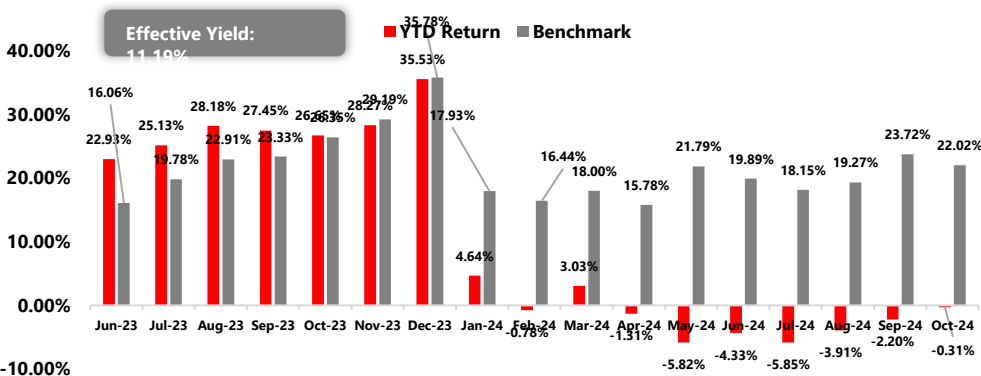
FUND ASSET ALLOCATION



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% | 1.94% | | | -0.31% |
| 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



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

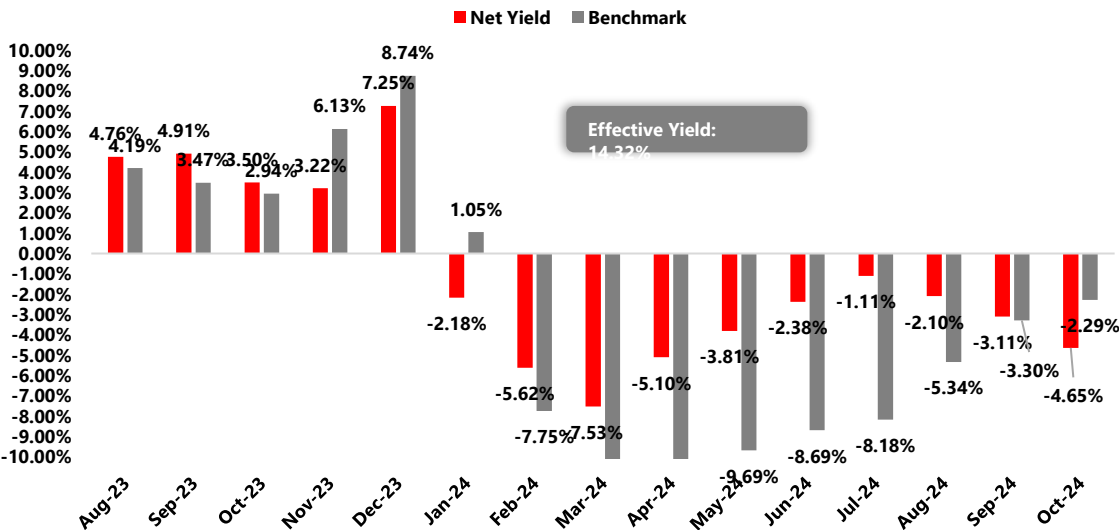
Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by research with market insight of the investment team to minimise risk exposure. Key risk management strategies include:

- 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 | -1.94% | -3.51% | -2.02% | 2.63% | 1.36% | 1.49% | 1.29% | -1.00% | 3.08% | -1.64% | | | -0.48% |
| 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 |
|---|---|---|---|---|---|---|

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 | ₦341 Million |
| Offer price | ₦1.3540 |
| Income distribution | Semi-annually |
| Minimum holding period | 3 months |
| Minimum initial transaction size | ₦10,000 |
| Minimum additional transaction size | ₦5,000 |

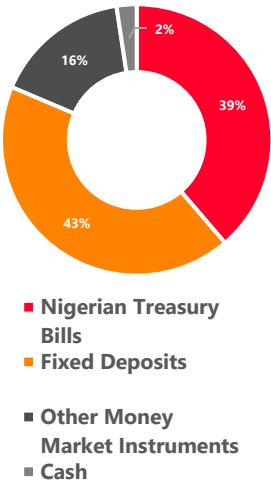
FUND FEES

| | |
|-----------------|------------|
| Management fees | 1.50% p.a. |
|-----------------|------------|

FUND CHARGES

| | |
|-------------------------|-----------------------|
| Entry charge | None |
| Exit charge | None |
| Early redemption charge | 1.5% of income earned |

FUND ASSET ALLOCATION



DISCLOSURES & DISCLAIMERS

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