

CORONATION



Mutual Funds Factsheet

December 2022

Overview

December extended bullish sentiment across Nigeria's financial markets with buying interest persisting across equity, T-bill and FGN bond markets to close the year. Pressure remained on the exchange rate of the Naira in the I&E window. On the macroeconomic side, November's headline inflation notched higher by 38bps to 21.47% y/y. Food inflation (+40bps to 24.13% y/y) rose by more than the headline rate, reflecting the impact of rising transportation costs and holiday-induced demand. Core inflation (+48bps to 18.24% y/y) also rose, attributable to the persistent fuel scarcity and consequent increase in energy costs as well as lingering exchange rate challenges.

Fixed Income

In December, T-bill and FGN bond yields across the curve maintained the downward trend as: (i) expanded system liquidity from maturities of government securities; (ii) year-end portfolio rebalance by institutional investors and (iii) the decline in bond auction yields offset the pass-through effect of November's MPR hike. On average, the yields on secondary market Nigerian Treasury Bills (T-bill) declined by 512 basis points across the curve to settle at 5.38% pa. At the last T-bill primary auction of 2022, the DMO allotted N67.43bn (US\$146.12m) worth of bills. The auction recorded a total subscription of N350.37bn, implying a bid-to-cover ratio of 5.20x (vs 3.24x average of the past auctions in the year). Consequently, stop rates across the 91-day (-275bps to 2.75%), 182-day (-15bps to 7.15%) and the 364-day (-140bps to 8.49%, implying an 9.28% yield) bills declined.

As a consequence of high system-wide liquidity, the secondary market in bonds remained bullish in December, with the average yield falling by 133 basis points to 13.04%. At the short end of the curve, the yield of a 2-year bond fell by 257 basis points to 11.72%, while at the long end, the yield of a 20-year bond fell by 88 basis points to 13.85%. At the last FGN bond auction of the year, the Debt Management Office (DMO) allotted a total of N264.52bn (US\$585.86m). Demand was strong, as reflected by a total subscription of N532.20bn - the highest since June - and a bid-to-offer ratio of 2.37x (vs 1.96x average of the past auctions in the year). Consequently, yields across the April 2029 (-15bps to 14.60%), April 2032 (-45bps to 14.75%) and the April 2037 (-40bps to 15.80%) bonds declined. 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

Domestic shares extended their winning streak in December, finishing the year with a Santa Claus rally. The NGX Exchange All-Share Index recorded its second consecutive monthly gain as retail and institutional investors rebalanced portfolios and took advantage of depressed prices as market yields declined.

As a result, the NGX All-Share Index (NGX ASI) rose by 7.53% m/m to settle at 51,251.06 points, its highest level since 25 July 2022. On market movers, gains across index heavyweights such as Airtel Africa (+12.76% m/m), Geregu (+14.44% m/m), Nestle Nigeria (+14.12% m/m), BUA Cement (+26.95% m/m) and Seplat (+4.76% m/m) drove the broad index's year-end rally. Consequently, the NGX Exchange finished the year, up 19.98% y/y - the third consecutive annual gain.

We expect continued support for the market in 2023 as investors position themselves in dividend-paying stocks ahead of the FY2022 earnings season due to start in March.

Oil

In December, oil prices recoupled some of the past month's losses following: (1) larger-than-expected draw down on US oil inventory according to data from the US Energy Information Agency (EIA); and (2) a major winter storm in the U.S shutting in operations at a dozen facilities with a total of 3.6 million b/d in operable capacity. In addition, Russia's President Vladimir Putin banning the supply of oil and products to European nations that abide by the oil price cap with effect from 1 February 2023 also contributed to the rally. As a result, Brent crude rose to as high as US\$86.88/bbl, the highest level since 22 November 2022, before settling at US\$85.91/bbl. Month-on-month, Brent gained 0.56%. For the year, Brent closed up 10.45% y/y and traded at an average price of US\$99.09/bbl, 39.60% higher than the average of US\$70.89/bbl in 2021.

Our view is that upside from Russia's supply ban and easing of strict covid-19 measures in China is likely to be capped by fears of further monetary tightening hurting long-term demand. Nonetheless, we maintain that prices are likely to remain well above the US\$73.00/bbl set in Nigeria's government budget

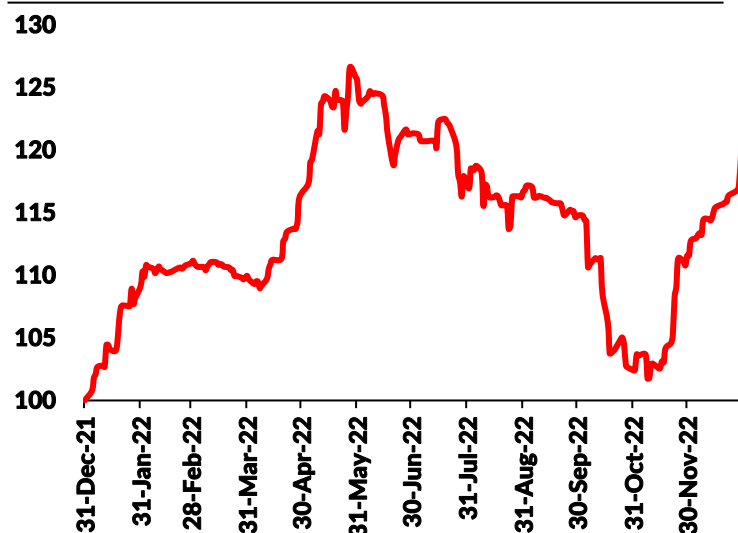
Currency

In December, the exchange rate at the I&E Window weakened by 3.51% m/m to as low as N461.50/US\$1, another record month-end low. In addition, liquidity at the window improved as average daily turnover rose by 45.17% m/m to US\$162.02m, the highest level since December 2021.

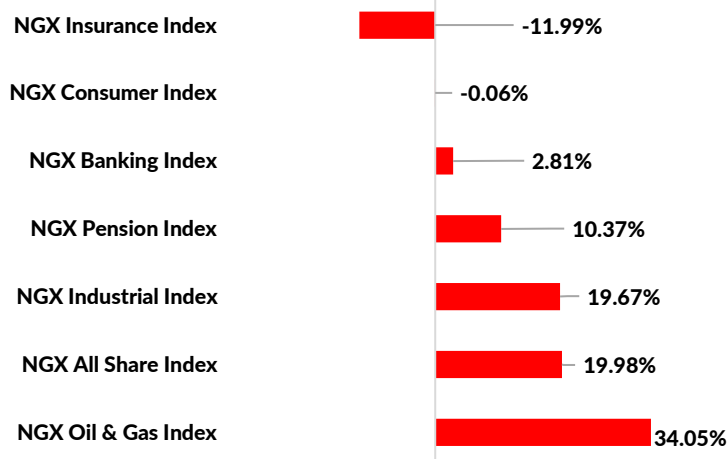
The CBN's published FX reserves fell for the fifth successive month, declining by 0.08% (or US\$30.17m) m/m to US\$37.08bn, reflecting intervention efforts of the CBN across the various FX windows.

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 2021=100



NGX sub-indices returns, 2022 Y/Y



Source: NGX Exchange, Coronation Research

Global economic outlook

2022 ended a year of slow global economic growth as the ongoing war in Ukraine, elevated inflation, aggressive tightening by monetary authorities around the world, geopolitical tension between China, Taiwan and the US and China's economic issues continue to weigh on activity.

High inflation worldwide across advanced, emerging and frontier economies continues to drive further tightening in global financial conditions. In the US, the Federal Open Market Committee (FOMC) raised its funds rate by another 50bps in December to a band of 4.25% to 4.50%, marking a seventh consecutive rate hike and effectively a total of 400bps over the course of the year. 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. Nonetheless, the recovery in growth remains slow, reflecting a record level of COVID-19 outbreaks, a damaging property sector crisis and lacklustre domestic consumption. Consequently, 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.

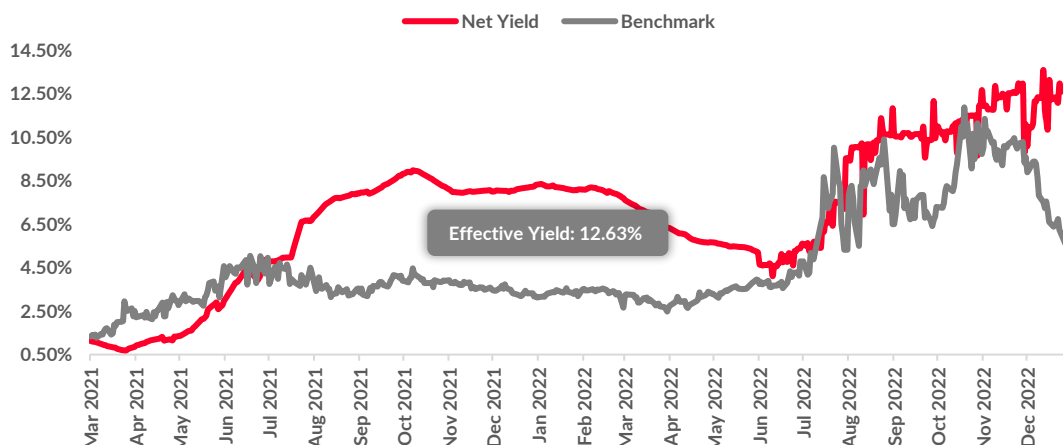
Risk Management

- 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
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
---	---	---	---	---	---	---

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

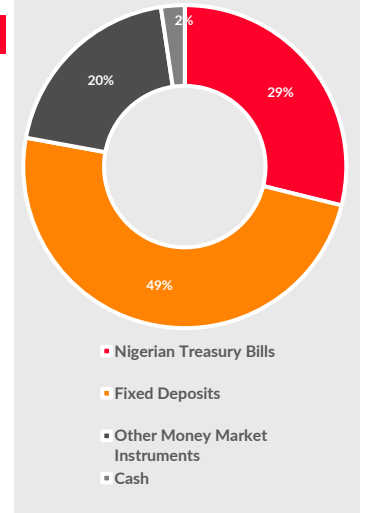
FUND FEES

Management	1.0% p.a.
------------	-----------

FUND CHARGES

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

FUND ASSET ALLOCATION



*Fund and Investment manager ratings have expired and is currently undergoing review

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.

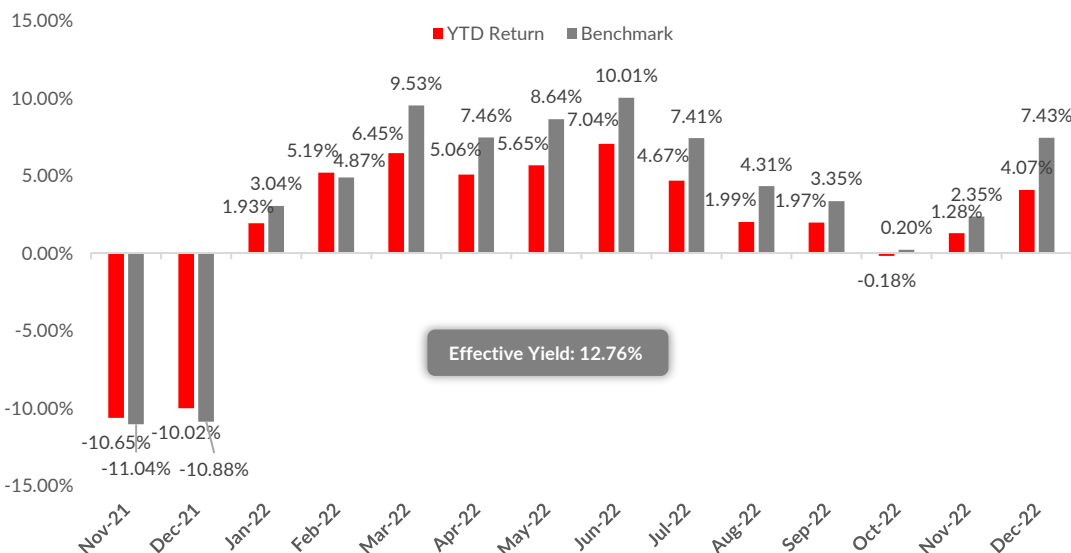
Risk Management

- 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
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
---	---	---	---	---	---	---

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	₦329 Million
Offer price	₦1.3944
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

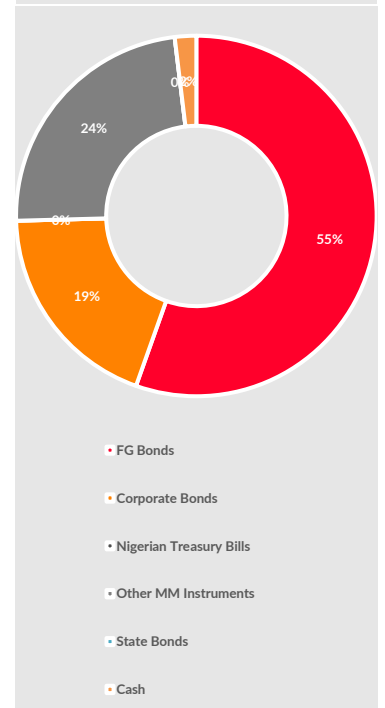
FUND FEES

Management	1.50% p.a.
------------	------------

FUND CHARGES

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

FUND ASSET ALLOCATION



*Fund and Investment manager ratings have expired and is currently undergoing review

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.

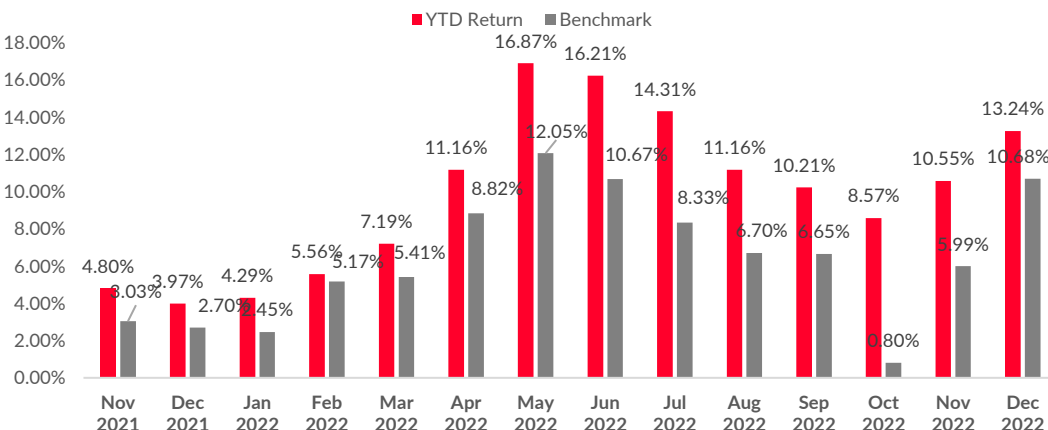
Risk Management

- 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
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
---	---	---	---	---	---	---

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	₦123 Million
Offer price	₦1.2062
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.
------------	------------

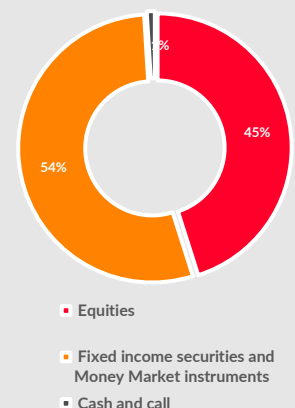
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	7.73%
Industrials	13.61%
Consumers	2.71%
Agriculture	7.20%
Oil and Gas	4.85%
Telecommunications	9.00%
Total	45.10%

FUND ASSET ALLOCATION



*Investment manager ratings have expired and is currently undergoing review

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

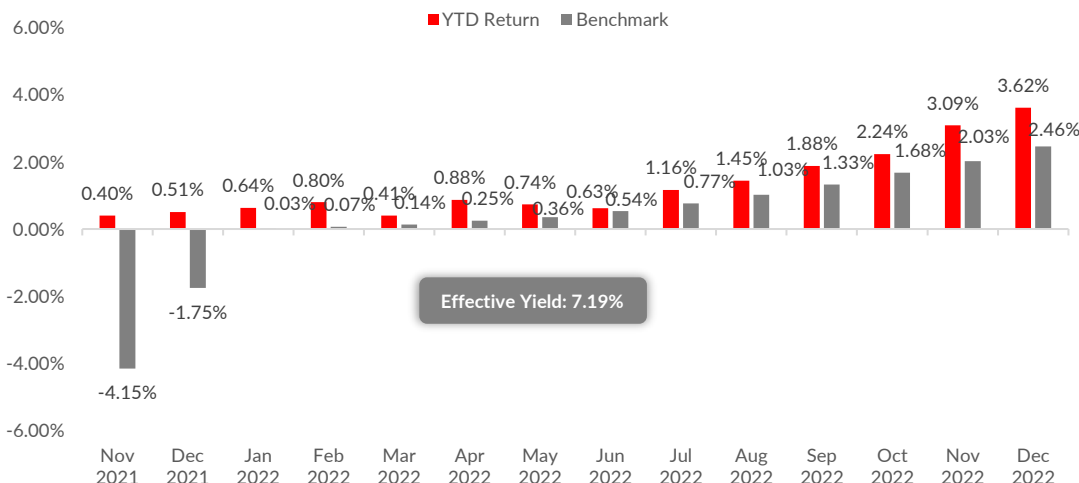
Risk Management

- 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	0.64%	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
---	---	---	---	---	---	---

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	\$752 Thousand
Offer price	\$ 1.1633
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$10,000
Minimum additional transaction size	\$5,000

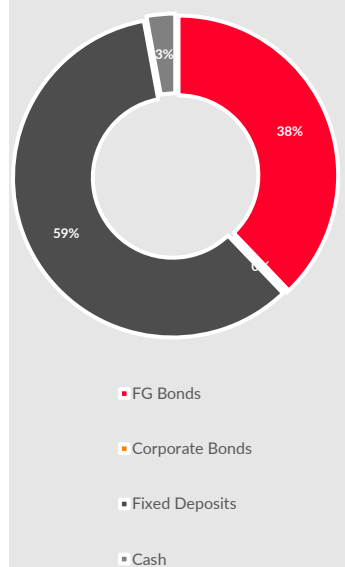
FUND FEES

Management	1.0% p.a.
Others	1.50%

FUND CHARGES

Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



*Fund and Investment manager ratings have expired and is currently undergoing review

DISCLOSURES & DISCLAIMERS

This report is intended as background information for clients of Coronation Asset Management Ltd and clients of its subsidiaries and affiliates and is by no means intended to provide a sufficient basis on which to make an investment decision. Notwithstanding the proper and reasonable care that has been exercised in the preparation of this report, neither Coronation Asset Management Ltd, its directors, employees and contractors, nor its subsidiaries and affiliates, nor the directors, employees and contractors of its subsidiaries and affiliates, accept(s) responsibility for any error, omission or opinion expressed herein. This report is not intended to serve as an investment or research recommendation and should not be regarded as such. Clients of Coronation Asset Management Ltd and of its subsidiaries and affiliates, who read this report, should assess their own investment objectives and financial capacities when taking investment decisions and should consult a relevant financial adviser in these respects.