

CORONATION

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Mutual Funds Factsheet

June 2024

Macroeconomic and Market Review

Overview

June 2024

Naira interest rates were generally stable in June, with the Central Bank of Nigeria determined to keep rates high to combat inflation. Having opined last month that Treasury bill rates are likely to stay at these levels for several months, we now think that the interest rate regime is likely to hold until the end of the year. One reason for this is that inflation is proving stubborn, with prices rising by 33.95% year-on-year for May (April: 33.69%), so the authorities may have insufficient evidence over the coming months to justify rate cuts.

The Nigerian equity market traded in a very narrow range during June, as if holding steady ahead of rights issues by the major listed banks. Taking their combined capital-raising ambitions through rights issues, the market is being asked a lot: but we think the rights issues will succeed in general, given low valuations (steep discounts to book value) and the ability of the largest shareholders to subscribe.

Fixed Income

Yields remained elevated in the month of June, with fluctuating demand levels at several auctions, both in the bond and the bill markets. The CBN offered a total of N494.07bn at auction in the primary market for Treasury bills, with subscriptions reaching N1.85tn (bid-to-offer ratio: 3.84x). Total sales were N617.92bn with interest rates on the 91-day, 182-day, and 365-day bills settling at 16.99%, 19.10%, and 26.05%, respectively. OMO bills for the month totaled N900.00bn, with a bid-to-offer ratio of 2.00x and total sales reaching N1.77tn. The average rate for the month settled at 16.56%.

The Debt Management Office (DMO) re-opened the auction of N450bn worth of bonds in the primary market across three different tenors: 5-year, 7-year, and 9-year. The total allotment from the auction amounted to N297.01bn with rates for April-2029, February-2031, and May-2033 settling at 19.64%, 20.19%, and 21.50%, respectively.

Secondary market yields were stable during the month but with a slightly bearish tilt. Average yields in the Treasury bills market added 25bps to 22.07% pa, driven particularly by average yields on the mid-term (+29bps to 20.80%) to long-tenor (+144bps to 24.94%) bills, due to the addition of new bills to the market. In the FGN bond market, average yields rose by 7bps to 18.75% pa, also driven by yields at the long-end of the yield spectrum where average yields gained 20bps to 17.81%.

Moving into the second half of the year, we expect that the monetary authorities will continue to be vigilant with regard to inflation. We expect yields to remain elevated but relatively stable compared with the rate hikes which we saw in the first half of the year.

Equities

The local bourse posted a rebound to the 100,000-point mark towards the end of the month closing at 100,057.49 points as the NGX All-Share Index gained 0.76%. As a result, the year-to-date return rose to 33.81%, while market capitalisation gained N429.11bn to close at N56.60tn. Investors' interest in Guinness Nigeria (+35.22%), Presco (+32.56%), Guaranty Holding Company (+12.50%), and Access Holdings (+10.17%) drove the market's positive performance for the month, overturning bearish sentiment in Dangote Sugar (-8.51%), telco heavyweight MTN Nigeria (-6.96%), Airtel Nigeria (-2.47%), and Tier 1 banking ticker FBN Holdings (-6.61%).

Sector indices all closed in the green with the NGX Oil and Gas Index (+11.32%) topping the chart, followed by the NGX Insurance Index (+6.36%), the NGX Pension Index (+4.48%), the NGX Banking Index (+4.12%), the NGX Consumer Goods Index (+1.11%), the NGX 30 Index (+0.92%), and the NGX Industrial Goods Index (+0.03%).

So far this year the market has been largely positive for sector performances, except the NGX Banking Index which has lost 7.47% ytd. Bright spots have been the NGX Industrial Goods Index, up 73.14% ytd, while the NGX Consumer Goods has gained 41.05% driven by stocks including BUA Foods, Presco, and Flour Mills of Nigeria.

Oil

The Brent price closed the month at US\$86.41 per barrel, gaining 5.87% from its closing price in May. This brought the year-to-date change to 12.16%. The price of Brent has traded at an average of US\$83.42 per barrel year-to-date, 1.50% higher than its average price of US\$82.19 per barrel in 2023. Prices have increased since the beginning of the year, despite ongoing concerns about demand strength especially from developed countries like China given its slow recovery post-pandemic. Also, geopolitical tensions have contributed to a risk premium.

OPEC+ ministers held a meeting in early June and decided to extend production cuts from baseline levels, not current output, until 2025. The cuts are intended to provide "long-term guidance and transparency for the market" and they emphasised the importance of adherence to these cuts.

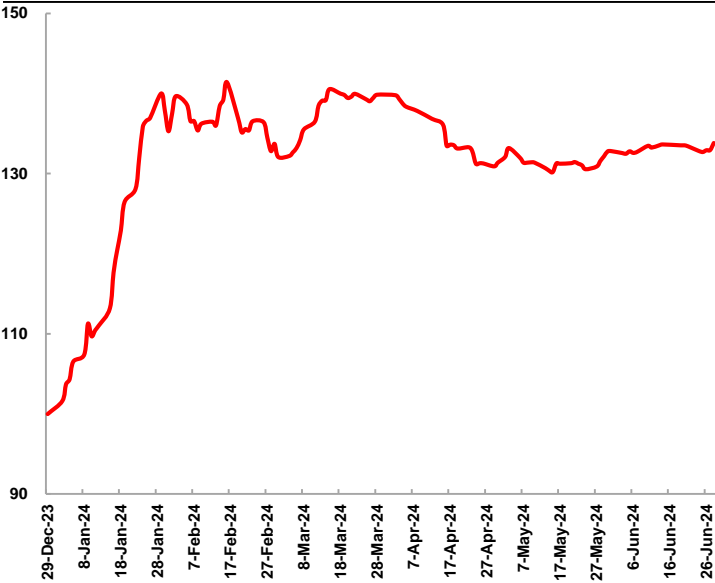
The production target for 2025 was set at 39.73mn b/d, down from 42.20mn b/d. This adjustment is expected for Angola's exit from OPEC+ and the non-participation of some countries in the cuts. Countries making additional voluntary cuts will extend these until the end of the third quarter of 2024, and gradually start phasing production back in through the second half of 2024 and into 2025. The targets are based on a theoretical reference level, not current production, which is what the market responds to.

Currency

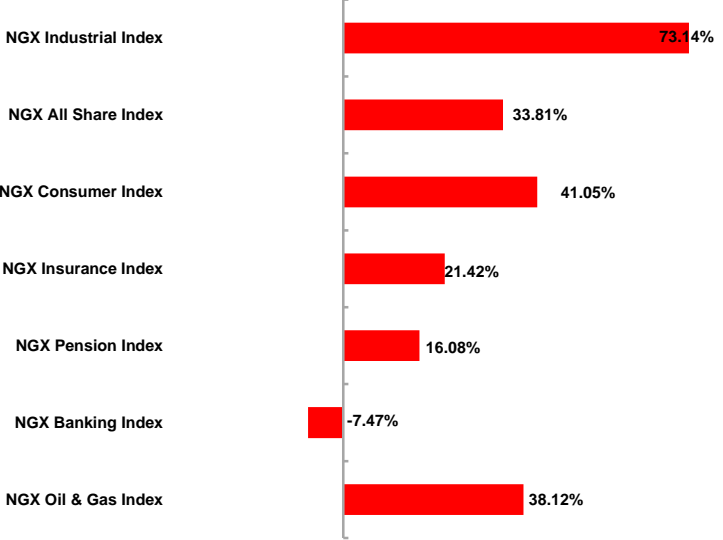
Closing the month, the exchange rate at the Nigeria Autonomous Foreign Exchange Market (NAFEM) depreciated against the US dollar by 1.28% to close at N1,505.30/US\$1, after reaching a low of N1,510.10/US\$1 towards the end of the month. The dip was almost doubled in the parallel market where the Naira depreciated by 2.30% on the month against the US dollar to N1,525.00/US\$1. Consequently, the gap between the official and street markets was 0.27% by the end of the month. The CBN's published gross foreign exchange reserves added 4.43%, or US\$1.45bn to close at US\$34.14bn, supported by an inflow from the World Bank to support and stabilise the economy.

Year-to-date the Naira has depreciated by 39.74% to the US dollar in the official market, about 9.00% shy of its total depreciation in 2023. We note, however, that the pace of depreciation has slowed as the CBN continues to enact policies affecting players in the market, especially the Bureaux de Change. The approval of the World Bank loan of US\$2.25bn also provided a degree of positive sentiment, in our view.

NGX ASI, rebased 31 Dec 2023 =100



NGX sub-indices returns, 2024 year to 28 June



Source: NGX, Bloomberg, Coronation Research

Global economic outlook

The European Central Bank implemented a 25bps cut in its policy rate in June, aligning with several analysts' forecasts. Analysts are pricing in another 25bps cuts in the fourth quarter of the year. However, recent ECB reports indicate a higher likelihood of fewer cuts than anticipated due to persistent services inflation and wage growth.

The Federal Reserve in the US, meanwhile, has kept its interest rate unchanged and has also adjusted its projection from three cuts to one cut this year. However, the next move is still expected to be downward as economic data continues to indicate a cooling in the labour market.

We expect that the Federal Reserve will begin its easing cycles in the fourth quarter of the year.

Coronation Money Market Fund

FUND OVERVIEW

The Money Market Fund is an open-ended fund that invests in low-risk short-term instruments such as Treasury Bills, Term Deposits, Commercial Papers and other Money Market securities.

Investment Objective:

The aim of the Fund is to generate regular income by actively investing in investment-grade money market instruments.

Investment Strategy:

The Fund Manager shall adopt and maintain an investment strategy that is designed to ensure a steady return on capital and ample liquidity.
The fund will strive to maintain an average duration of not more than 90 days.

Suitable Investor:

The Fund may be suitable for short-term focused investors who are risk-averse and are seeking investments for capital preservation, moderate income and liquidity.

Investment Philosophy

We employ a fundamental investment process to construct a diversified portfolio of high-quality money market securities that aim to deliver steady returns and provide for liquidity needs.

Our bottom-up credit selection and tactical trading in the most liquid instruments and fundamental process combined with robust, top-down rigorous risk management tools designed to meet our objectives of liquidity and consistent excess returns.

Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by the Investment Committees with support from the Research team with market insight to minimize risk exposure.

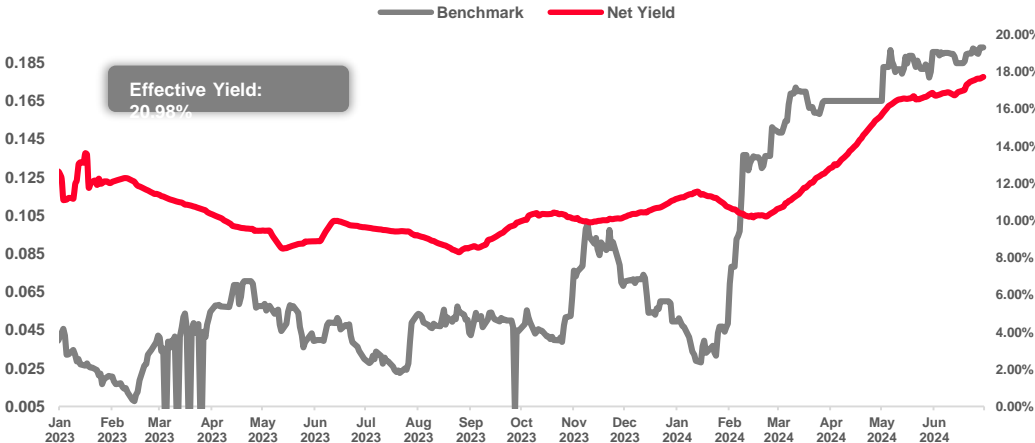
Risk Management

- High-quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Issuers concentration limits and rigorous selection criteria
- Research-based macro risk analysis and multiple level review
- Independent risk and compliance review
- Disciplined investment process and continuous value analysis relative to opportunity set
- Clear accountabilities and cross checks

HISTORICAL 30-DAY ROLLING AVERAGE YIELD

	January	February	March	April	May	June	July	August	September	October	November	December
2024	10.73%	10.60%	12.78%	15.57%	16.85%	17.71%						
2023	12.08%	11.40%	10.36%	9.45%	8.88%	9.64%	9.21%	8.53%	9.94%	10.11%	10.15%	11.14%
2022	8.10%	7.70%	6.34%	5.67%	5.19%	4.86%	6.62%	10.19%	10.59%	11.09%	12.21%	12.18%
2021	1.45%	1.15%	0.86%	1.36%	2.96%	4.83%	6.80%	7.91%	8.81%	8.14%	8.01%	8.32%
2020	5.99%	5.50%	4.67%	4.48%	4.16%	3.78%	3.71%	3.34%	3.32%	2.24%	1.35%	0.87%
2019	11.96%	13.29%	14.50%	11.94%	12.46%	12.41%	12.86%	11.10%	3.32%	11.25%	10.65%	9.98%

YEAR TO DATE 30 DAY ROLLING AVERAGE YIELD VS. BENCHMARK



RISK - REWARD PROFILE

1	2	3	4	5	6	7
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Lower risk / Lower return Higher risk / Higher return

FUND FACTS

Fund launch date	23 September 2017
Fund type	Open - Ended
Asset class	Money Market
Risk profile	Low
Fund rating	A+(f)
Investment Manager rating	A-(IM)
Benchmark	91 Day Treasury Bills
Currency	Nigerian Naira
Accounting	Amortized Cost
Fund size	₦5.57 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

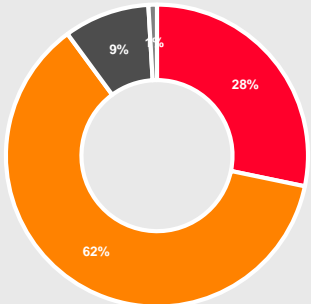
FUND FEES

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.

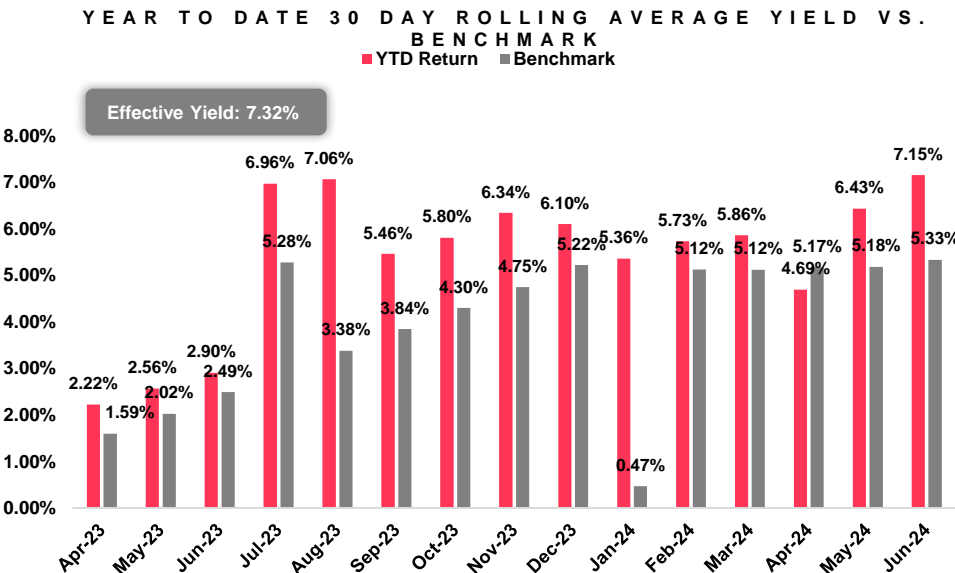
Risk Management

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
2024	5.36%	5.81%	5.48%	6.45%	6.43%	7.15%						
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%



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	\$2.72 Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

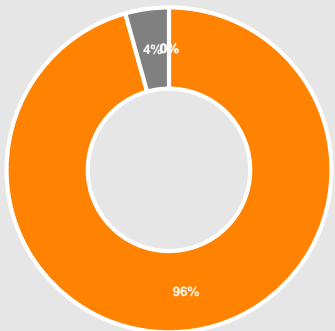
FUND FEES

Management fees	1.0% p.a.
Others	1.50%

FUND CHARGES

Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



- FG Bonds
- Corporate Bonds
- Fixed Deposits
- Cash

Coronation Fixed Income Fund

FUND OVERVIEW

The fundamental objective of the Fund is to provide unit holders with long-term capital growth and regular income by investing primarily in diverse portfolios of fixed income securities.

Investment Objective:

The fundamental objective of the Fund is to provide unit holders with long-term capital growth and regular income by investing primarily in diverse portfolios of fixed income securities.

Investment Strategy:

The Fund Manager shall adopt and maintain an investment strategy that is designed to ensure a steady return on capital and assured liquidity.
The fund will strive to maintain an average duration of not more than 6 years.
The Fund may be suitable for investors looking to invest for the medium to long term with moderate risk appetite.

Investment Philosophy:

We employ a fundamental investment process to construct a diversified portfolio of high-quality, fixed income securities that aim to deliver consistent excess returns (income) with low volatility.

Our bottom-up credit selection and tactical trading in the most liquid instruments and fundamental process combined with robust, top-down rigorous risk management tools designed to meet liquidity objectives and consistent excess returns over the long term.

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

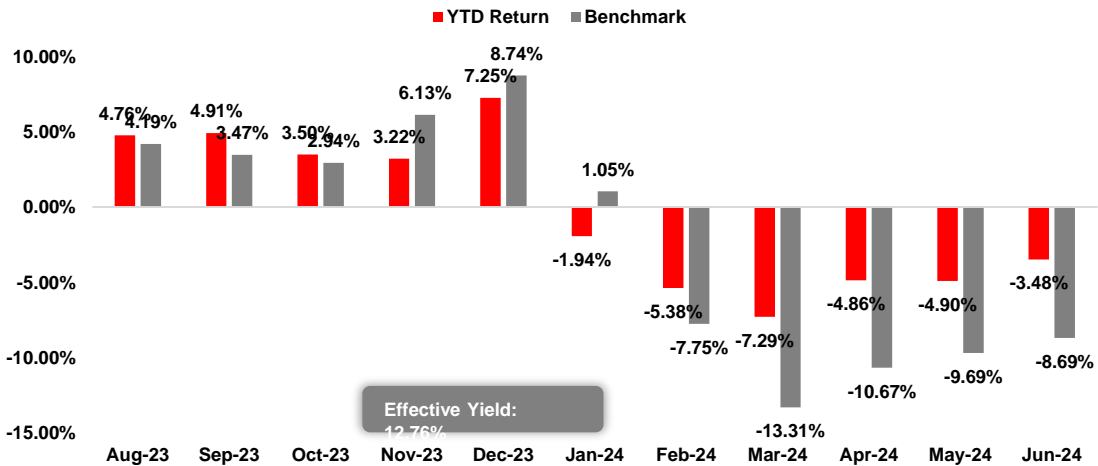
Risk Management

- High-quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Issuers concentration limits and rigorous selection criteria
- Research based macro risk analysis and independent risk and compliance review
- Disciplined investment process and continuous value analysis relative to opportunity set
- Multiple level review and clear accountabilities and cross checks

HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	-2.18%	-3.51%	-2.02%	2.63%	1.36%	1.49%							-3.48%
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
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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	₦329Million
Offer price	₦1.3705
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

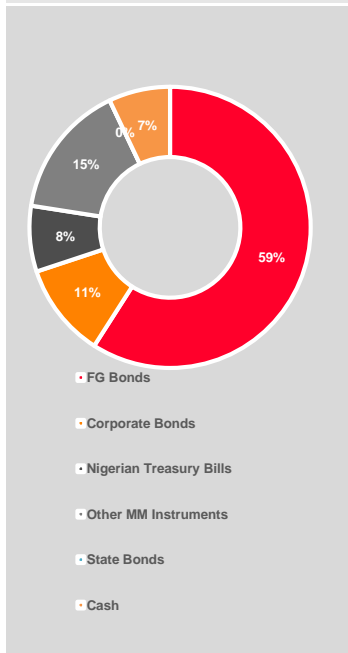
FUND FEES

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



Coronation Balanced Fund

FUND OVERVIEW

Investment Objective:

The objective of the Fund is to achieve capital appreciation and income generation while mitigating the volatility associated with equity investments by investing in fixed income securities.

Investment Strategy:

The Fund Manager's investment strategy focuses on capital appreciation and income generation with a higher risk. The Fund is aimed at medium-term focused investors looking for income and moderate growth with a relatively higher risk appetite.

The fund invest in a diverse pool of Nigerian equities and fixed income securities such as FGN Bonds and Money Market securities.

The Fund has a target asset allocation of up to 70% in equities, 20% in fixed income securities, 10% in other market securities. The fund strives to maintain a fixed income duration of 5 years and be mainly invested in Naira - denominated fixed income and money market instruments.

The Fund will follow all applicable rules of Securities and Exchange Commission (SEC).

Investment Philosophy

We employ a fundamental investment process to construct a diversified portfolio of high-quality money market securities that aim to deliver steady returns and provide for liquidity needs.

Our bottom-up credit selection and tactical trading in the most liquid instruments and fundamental process combined with robust, top-down rigorous risk management tools designed to meet our objectives of liquidity and consistent excess returns.

Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by the Investment Committees with support from the Research team with market insight to minimize risk exposure.

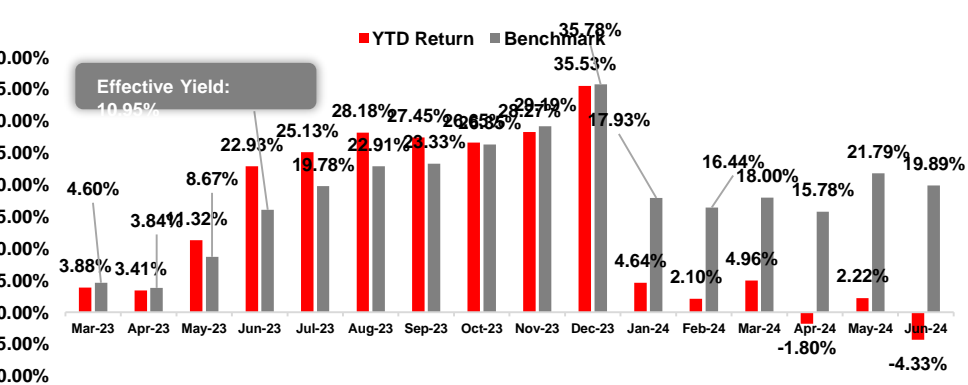
Risk Management

- High-quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Rigorous selection criteria and research-based macro risk analysis
- Independent risk and compliance review
- Disciplined investment process and multiple level review
- Continuous value analysis relative to opportunity set and issuers concentrations limits
- Clear accountabilities and cross checks

HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	4.64%	2.10%	4.96%	-1.80%	2.22%	1.58%							-4.33%
2023	1.01%	2.32%	0.51%	-0.45%	7.65%	10.44%	1.79%	2.43%	-0.57%	-0.63%	1.28%	5.66%	35.53%
2022	4.29%	1.23%	1.54%	3.71%	5.38%	-0.56%	-1.64%	-2.74%	-0.86%	-1.50%	2.35%	1.90%	13.24%
2021	0.52%	-3.15%	-0.95%	1.52%	-1.66%	2.74%	1.22%	1.23%	1.39%	1.54%	1.32%	-0.90%	4.32%
2020	2.37%	-3.58%	-11.81%	7.89%	4.10%	1.66%	3.10%	0.01%	5.39%	9.33%	1.38%	8.16%	29.49%
2019	-25.78%	2.07%	-0.20%	-0.45%	-1.31%	0.29%	-0.94%	-1.49%	5.64%	0.26%	6.73%	1.64%	-16.50%

HISTORICAL YTD RETURN VS. BENCHMARK



RISK - REWARD PROFILE

1	2	3	4	5	6	7
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Lower risk / Lower return Higher risk / Higher return

FUND FACTS

Fund launch date	23 September 2017
Fund type	Open – Ended
Asset class	Equity and Fixed Income Securities
Risk profile	Moderate – High
Investment Manager rating	A-(IM)*
Benchmark	25% of Nifty 1 Year + 50% of NSE 30 Index + 25% 5-Year FGN Bond
Currency	Naira
Accounting	Mark-to-Market
Fund size	₦191 Million
Offer price	₦1.4768
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

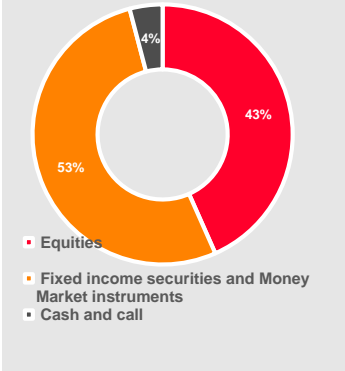
Entry charge	None
Exit charge	None
Early Redemption Charge	1.5% of net proceed

FUND CHARACTERISTICS

Equities Holding by Sector

Financials	17.16%
Industrials	11.40%
Consumers	5.03%
Agriculture	1.42%
Oil and Gas	3.19%
Telecommunications	5.15%
Total	43.36%

FUND ASSET ALLOCATION



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