

CORONATION

Mutual Funds Factsheet

June 2022

Macroeconomic and Market Review

June 2022

Overview

Nigerian financial markets took a turn for the worse during June, with both T-bill and equity markets delivering negative performances, while there was slight pressure on the I&E window exchange rate of the Naira. On macros, headline inflation rose to an 11-month high, increasing by 89bps to 17.71% y/y in May. Food inflation (+113bps to 19.50% y/y) rose to its highest level in eight months, while core inflation (+72bps to 14.90% y/y) rose to its highest level since March 2017, given the (1) unfavourable base effects from the prior year, (2) increasing transport costs, (3) below-average dry season harvest, (4) increasing diesel and aviation fuel prices, and (5) currency pressure.

Fixed Income

Fixed income markets were mixed in June, with yields at the short end of the curve expanding significantly while rates at the long end fell slightly.

Following the 150bps hike in the Monetary Policy Rate (MPR) at the end of May, and the resultant 115bps jump in average primary auction rates, T-bill yields in the secondary market rose toward auction levels, expanding by 156 basis points, on average, to 5.40% pa; the yield on the 1-year T-bill rose by 127 basis points to 6.19% pa. But, surprisingly, stop rates fell across the three T-bill primary auctions held in the month, following the sharp jump in May. Specifically, the stop rate of the 1-year T-bill fell by 42 basis points to 6.07% pa (annualised yield: 6.46%), while the rates on the short and mid tenor bills fell by 10bps apiece.

Conversely, the secondary market in bonds was bullish in June, with the average yield falling by 6 basis points to 11.17%. At the long end of the spectrum, the yield of a 20-year bond fell by 12 basis points to 13.03%, while at the short end, the yield of a 2-year bond rose by 47 basis points to 8.06%. At the monthly primary auction, the Debt Management Office (DMO) allotted a total of N226.12bn (US\$532.05m) (including non-competitive allotments) across instruments. As reflected by the total subscription of N552.36bn and a bid-to-offer ratio of 2.45x, demand was strong. Nevertheless, yields rose by 10bps on average – March 2025 (+10bps 10.10%), April 2032 (+5bps to 12.50%) and January 2042 (+15bps to 13.15%) – across the tenors. 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 this year.

Equities

In June, Nigerian equities bucked their two-month winning streak as investors took profits following hawkish signalling by the monetary authorities and the resultant rise in short-term market yields.

As a result, the NGX All-Share Index (NGX ASI) fell to as low as 50,756.74 points, its lowest level since 04 May, before settling at 51,817.59 points. This marked a 3.39% m/m drop, its most significant monthly loss since May 2021. On market movers, selloffs across index heavyweights, Airtel Africa (-1.97% m/m), BUA Foods (-5.0% m/m), Dangote Cement (-0.72% m/m), BUA Cement (-3.2% m/m) and Zenith Bank (-7.42% m/m) dragged the broad index lower.

In the wake of gradually rising rates, we might witness an increasingly bearish equities market going forward as investors lock in equities profits and take advantage of increased fixed income yields. However, the second quarter results of listed companies are due to be released in July, and it is possible that these will give some support to the market if optimistic expectations, especially around Telcos and Cement producer earnings, are realised.

Oil

Oil prices displayed strong volatility in June following spiking fears of slower economic growth leading to a recession and reduced fuel demand on one hand and existing geopolitical threats to global supply on the other.

Consequently, Brent crude fell to as low as US\$110.05/bbl, the lowest level since 18 May, before settling at US\$114.81/bbl. Month-on-month, Brent declined by 6.54%, its first monthly loss this year and the most since November 2021. Nonetheless, Brent is up 43.52% year-to-date and has traded at an average price of US\$105.03/bbl, 48.16% higher than the average of US\$70.89/bbl in 2021.

It was a topsy-turvy month for oil prices as the market weighed, on the one hand, the chances of a global recession affecting demand after the US Federal Open Market Committee (FOMC) hiked its policy rate by 75bps. On the other hand, there were concerns over further supply tightness following moves against Russian oil and gas exports at the meeting of leaders of the Group of Seven (G7) nations. Furthermore, the Organisation of the Petroleum Exporting Countries and its allies (OPEC+) continued to highlight its inability to cover the deficit from lost Russian supply despite agreeing to increase output each month by 648,000 bpd in July and August (up from a previous plan to add 432,000 bpd each month) in a concerted effort to cool down prices.

Our view remains that Brent is likely to stay above the US\$60.00/bbl mark for several more months. We choose this US\$60.00/bbl benchmark because historically, as a general rule, Nigeria's public finances have been strong when oil prices exceeded it.

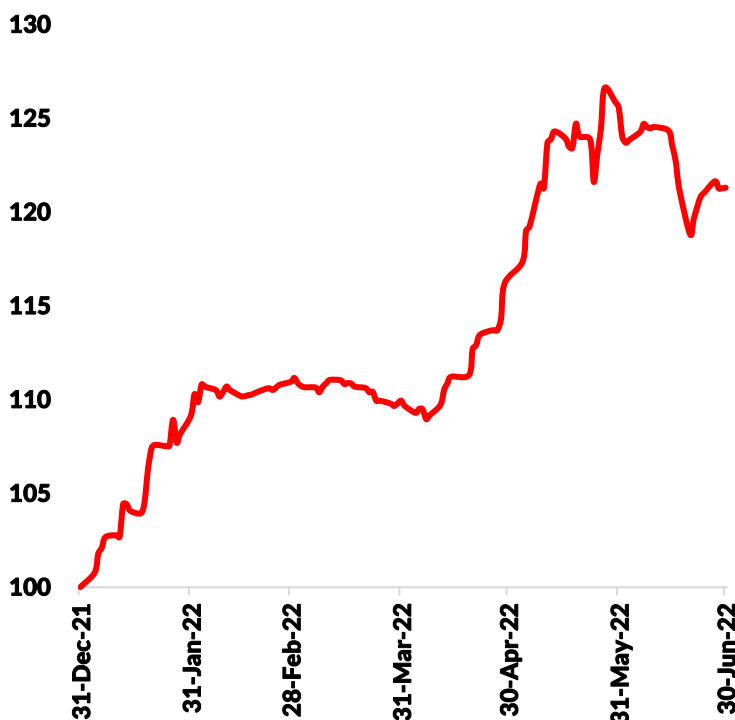
Currency

In June, the exchange rate at the I&E Window weakened by 1.31% to N425.05/US\$1, its lowest level since 31 December 2021. The total turnover at the window increased by 30.4% m/m to US\$3.24bn, the most since December 2021, as inflows from exporters almost tripled.

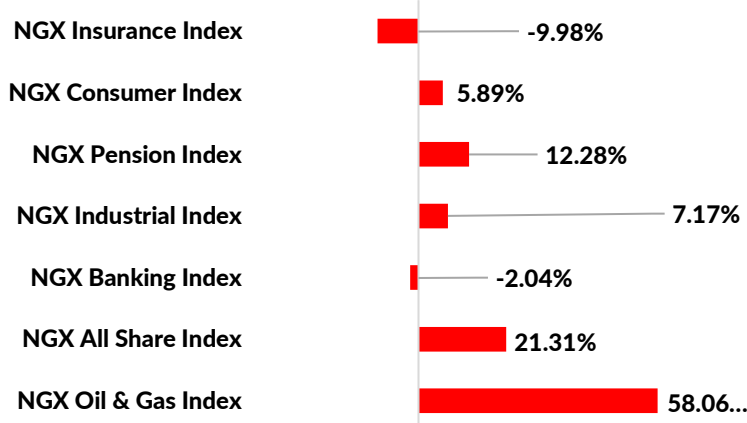
Elsewhere, the CBN's FX reserves rose by 1.69% (or US\$651.18m), its most significant rise since October 2021, to US\$39.13bn, enhancing the ability of the CBN to continue interventions across the various FX windows.

It is clear that the CBN, halfway through the year, is comfortable with its FX reserve position, which is high by historical standards and has remained within a narrow range over the past six months. We think the CBN will be able to keep the I&E Window rate close to its current rate for several months, at least

NGX ASI, rebased 31 Dec 2021=100



NGX sub-indices returns, YTD



Source: NGX Exchange, Coronation Research

Global economic outlook

Following a strong rebound in 2021, the global economy is entering a pronounced slowdown amid new threats from the ongoing war in eastern Europe between Russia and Ukraine, COVID-19 variants, a rise in inflation, debt, and income inequality that could endanger the recovery in emerging and developing economies. The World Bank expects global growth to decelerate markedly from 5.5% in 2021 to a revised 3.6% in 2022 as pent-up demand dissipates and fiscal and monetary support is unwound across the world.

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.

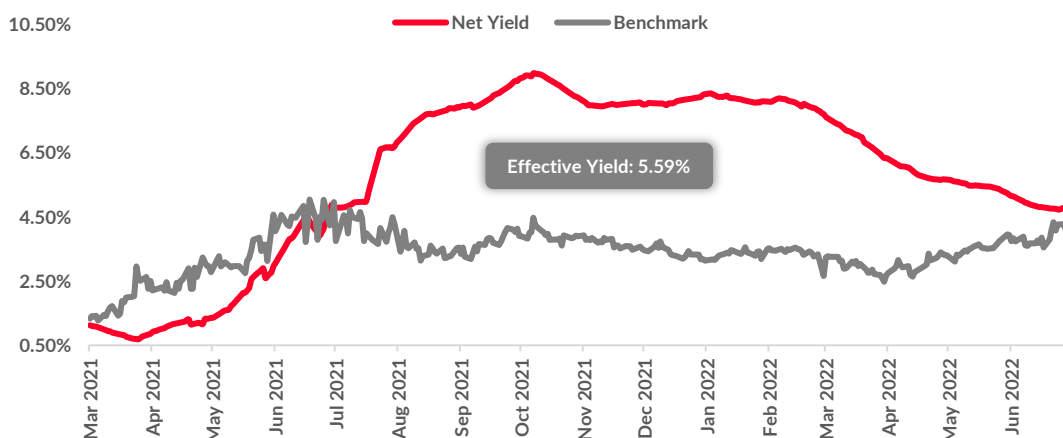
Risk Management

- 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% | | | | | | |
| 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 | ₦5.1 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 |

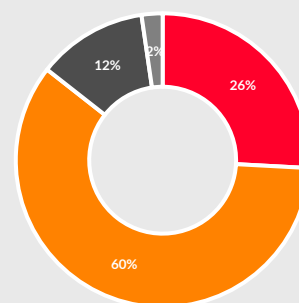
FUND FEES

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

FUND CHARGES

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

FUND ASSET ALLOCATION



- Nigerian Treasury Bills
- Fixed Deposits
- Other Money Market Instruments
- 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.

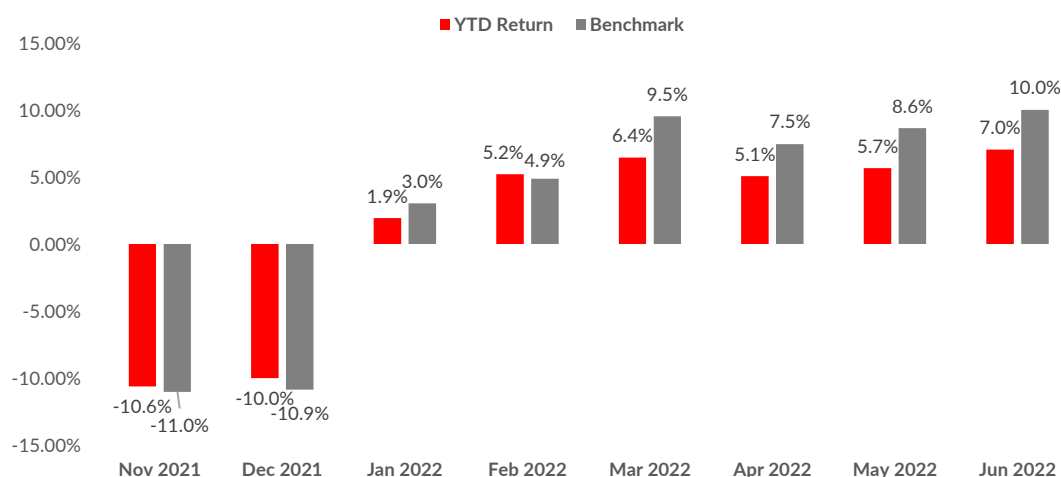
Risk Management

- 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 |
|------|---------|----------|--------|--------|--------|-------|--------|---------|-----------|---------|----------|----------|---------|
| 2022 | 1.93% | 3.20% | 1.19% | -1.30% | 0.56% | 1.31% | | | | | | | 7.04% |
| 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 |
| Benchmark | Weighted average of 3-year+10-year FGN bond |
| Investment Manager rating | A-(IM) |
| Fund rating | A+/FV4 |
| Currency | Nigerian Naira |
| Accounting | Mark-to-Market |
| Fund size | ₦432 Million |
| Offer price | ₦1.5041 |
| Income distribution | Semi-annually |
| Minimum holding period | 3 months |
| Minimum initial transaction size | ₦10,000 |
| Minimum additional transaction size | ₦5,000 |

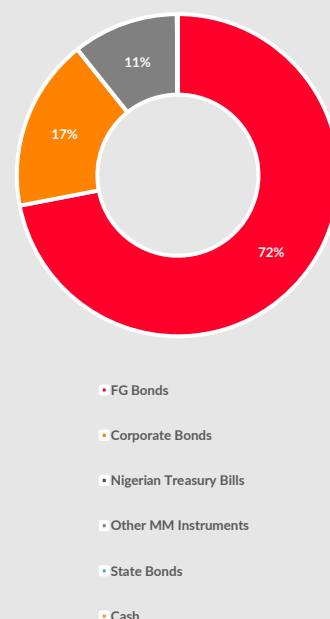
FUND FEES

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

FUND CHARGES

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

FUND ASSET ALLOCATION



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

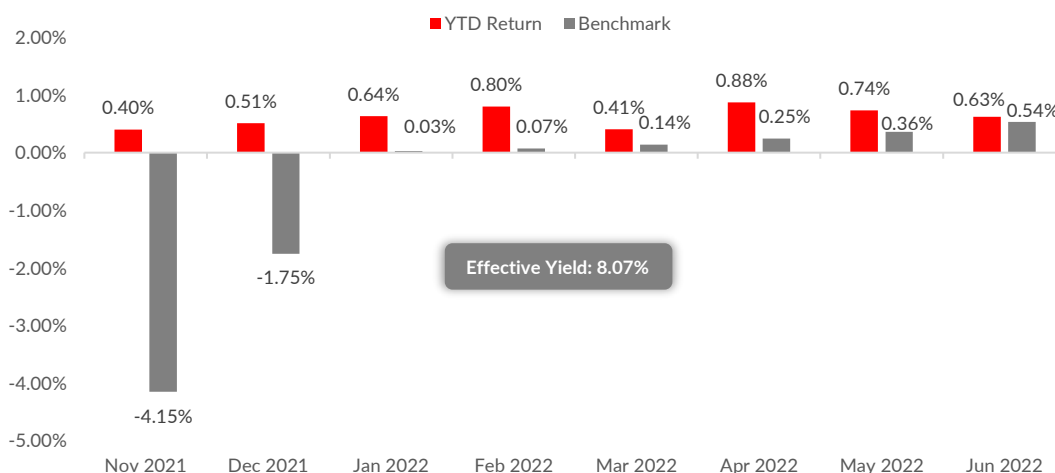
Risk Management

- 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% | | | | | | | 0.63% |
| 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 | \$1.51 million |
| Offer price | \$ 1.1398 |
| Income distribution | Annually |
| Minimum holding period | 6 months |
| Minimum initial transaction size | \$10,000 |
| Minimum additional transaction size | \$5,000 |

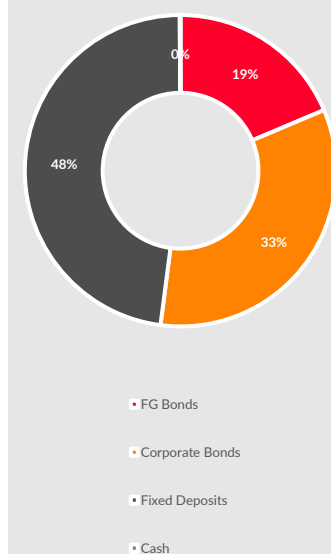
FUND FEES

| | |
|------------|-----------|
| Management | 1.0% p.a. |
| Others | 1.50% |

FUND CHARGES

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

FUND ASSET ALLOCATION



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.

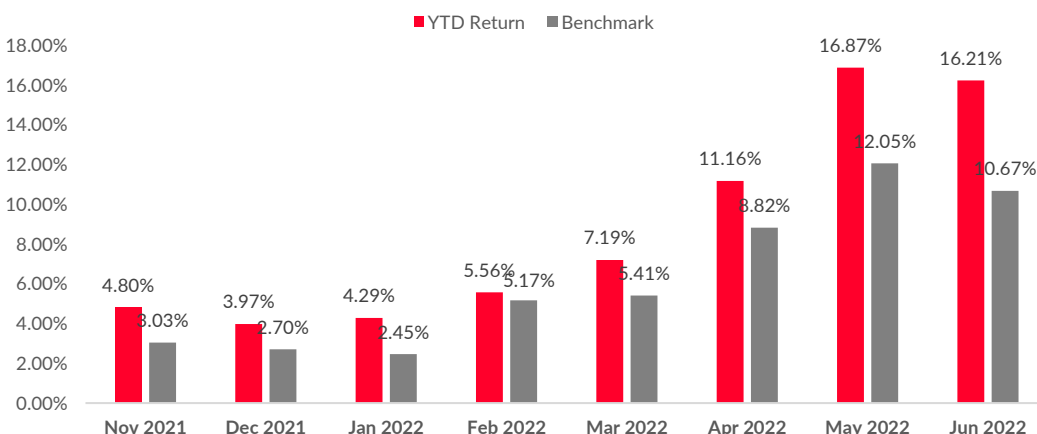
Risk Management

- 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% | | | | | | | 16.21% |
| 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 | ₦131 Million |
| Offer price | ₦1.2525 |
| 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

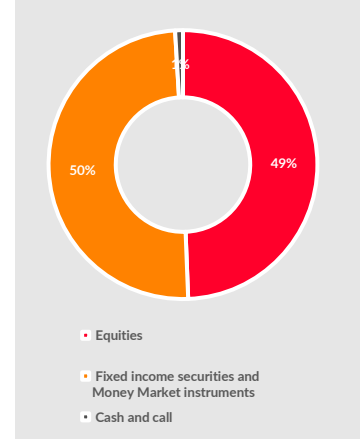
| | |
|-------------------------|---------------------|
| Entry charge | None |
| Exit charge | None |
| Early Redemption Charge | 1.5% of net proceed |

FUND CHARACTERISTICS

Equities Holding by Sector

| | |
|--------------------|--------|
| Financials | 7.19% |
| Industrials | 12.32% |
| Consumers | 2.29% |
| Agriculture | 12.20% |
| Oil and Gas | 5.33% |
| Telecommunications | 10.05% |
| Total | 49.39% |

FUND ASSET ALLOCATION



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