

**CORONATION**

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# Mutual Funds Factsheet

May 2024

# Macroeconomic and Market Review

## May 2024

### Overview

May saw Nigerian monetary policy continue to tighten with a rise in the Central Bank of Nigeria's policy rate by 1.5 percentage points to 26.25% and consistently high rates achieved at auctions for Treasury bills (T-bills) – generally over 26.0% per annum. This took place against a rise in annual inflation reported for April to 33.69%, albeit a small rise from April's 33.30%. The CBN is determined to keep market interest rates high, and we believe this will persist for several months, with no let-up in prospect until Q4.

The Naira weakened again in the foreign exchange markets. The weakness was associated with a large redemption of forward positions. The drop in the value of the Naira was not cataclysmic (about as much as its percentage fall in April) but puts a question mark over currency stability going forward.

### Fixed Income

May was characterised by a series of auctions across Treasury bills, OMO bills, and FGN bonds, in furtherance to the Central Bank of Nigeria's commitment to manage system liquidity and control prices. This left average system liquidity in a negative position of N129.12bn by the end of the month.

The CBN offered N688.34bn in Treasury bills, up from N292.21bn. Demand declined slightly, with total subscriptions at N2.51tn (vs N2.58tn in April) with the bid-to-offer ratio falling to 3.64x (down from 8.84x in April). The total amount sold for the month fell to N913.65bn (vs. NGN1.31tn in April). Consequently, the average bid-to-cover ratio rose to 2.74x (up from 1.96x in April). The first auction saw unchanged stop rates, while the second auction showed a slight increase for the 91-day and 182-day instruments (26bps and 45bps to 16.50% and 17.45%, respectively). However, the stop rate for the 364-day instrument decreased by 1bp to 20.69%, implying an annual yield of 26.09%. OMO bill auctions for the month recorded a total offer of N1.50tn across three auctions with total sales of N1.95tn, despite weaker demand, indicated by the bid-to-offer ratio at 1.57x (vs. 2.39x in April). The average stop rate settled at 20.33% (vs. 19.88% in April).

At the FGN Bond Primary Market Auction, the Debt Management Office (DMO) reopened two instruments – April 2029 and February 2031 and a new issue – May 2033 with a total offer of N450.00bn. The total subscription was N551.32bn, with a total allotment of N380.77bn, resulting in a bid-to-cover ratio of 1.45x (vs 1.47x in April). Yields on the April 2029 and February 2031 instruments fell by 1bp each to 19.29% and 19.74%, respectively, while the yield on the May 2033 instrument was set at 19.89%.

In the secondary market, average yields on Treasury bills declined by 49bps to 21.72% (vs. 22.20% in April), while average FGN bond yields closed 25bps lower at 18.69% (down from 18.94% in April).

### Equities

Reversing some of the previous month's losses, the NGX Exchange All-Share Index posted a gain of 1.09% to close at 99,300.38 points, increasing the year-to-date return on the index to 32.80% up from 31.36% at the end of April. Negative sentiment towards the bank stock continued but began to improve towards the end of the month as investors found the prices an attractive entry point to the sector.

During the month, the market witnessed renewed interest in MTN Nigeria (+9.52%), Seplat Energy (+3.60%), and Guaranty Trust Holding Company (+2.32%) while encumbered with selling pressure in Airtel Africa (-2.27%), FBN Holdings (-1.88%) and UBA (-7.11%), kept the market in the green.

Sectoral performance was largely positive with the NGX Pension Index (+3.85%), the NGX Banking Index (+2.97%), the NGX Oil and Gas Index (+2.06%), the NGX Consumer Goods Index (+1.19%), the NGX 30 Index (+1.15%) and the NGX Industrial Goods Index (+0.16%) all closing in the green, while the NGX Insurance Index (-3.26%) closed negative for the month.

### Oil

The Brent price closed the month at US\$81.62 per barrel down from US\$87.86/bbl at the end of April, a 7.10% decline. Year-to-date the commodity price gained 5.94% and traded at an average price of US\$83.50 per barrel, 1.59% higher than its average price of US\$82.19 per barrel in 2023.

A warm winter that decreased the need for heating oil and the Federal Reserve's guidance that interest rates would stay higher for longer have given traders a sense that oil demand has stalled, undermining earlier expectations of a demand rebound in the second half of the year. There was also anticipation of the OPEC+ members' meeting on June 2nd, at which the voluntary output cuts of 2.2 million barrels per day were expected to be reviewed (and indeed they were, in early June, with previously withdrawn production to start coming on stream in Q4 2024).

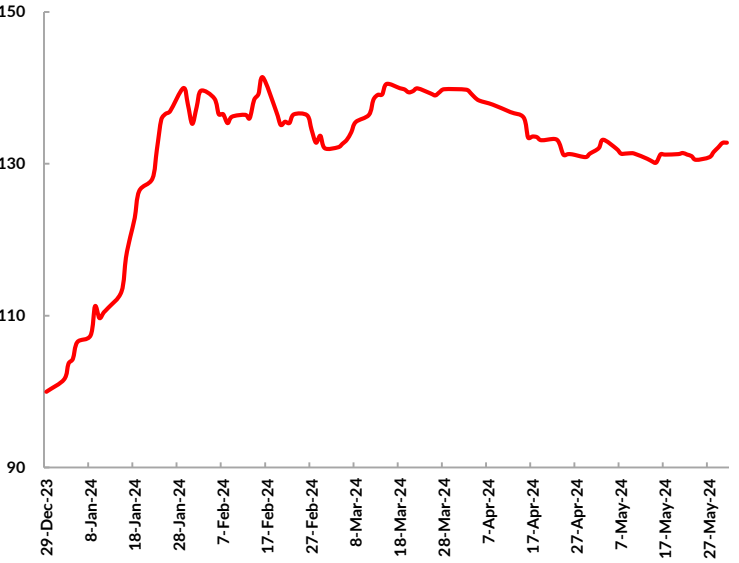
We expect the average price this year to exceed the US\$77.96/bbl forecast in Nigeria's 2024 budget.

### Currency

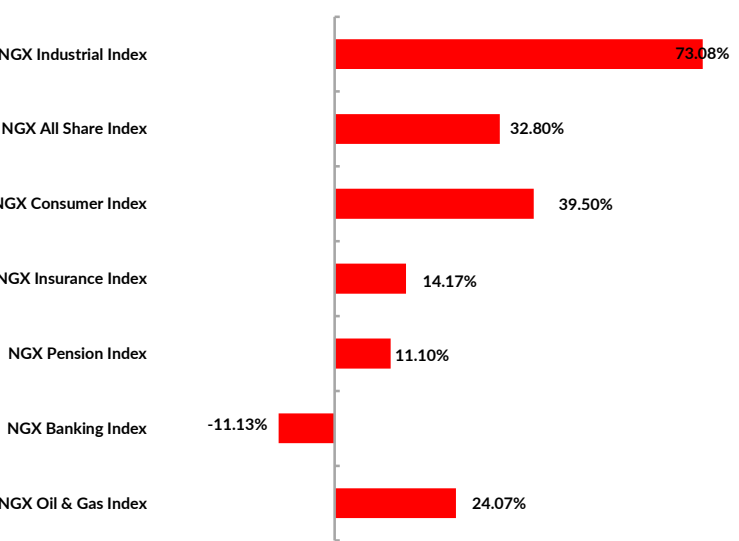
At the NAFEM window, the Naira's exchange rate fell again, on this occasion by 6.40% on the month (it had fallen 5.86% in April) to close at N1,485.99/US\$1. This brought the year-to-date decline in the Naira against the US dollar to 38.96%. In the parallel market, the Naira fell by 8.72% (3.68% down in April) to close at N1,490.00/US\$1 after hitting a low of N1,550.00/US\$1 due to renewed demand for US dollars and limited supply. By the close of the month, the gap between the official and street markets narrowed to 0.27% (2.23% at the end of April) owing to greater depreciation at the NAFEM window. The CBN's published gross foreign reserves added 1.36% (or US\$440.16mn) on the month to close at US\$32.69bn.

The CBN introduced guidelines for Bureau De Change operators, requiring a fresh application process for new licenses under a tiered system with new capital requirements. They have been given six months to comply with these new regulations.

### NGX ASI, rebased 31 Dec 2023 =100



### NGX sub-indices returns, 2024 year to 31 May



Source: NGX, Bloomberg, Coronation Research

### Global economic outlook

Monetary authorities in developed markets are calculating how to begin easing monetary policy. In the US, economic data indicates a cooling trend, though inflation remains a significant challenge for the Federal Reserve. In Europe, where economic growth is much slower than in the US, there is greater scope for cutting policy rates.

May saw weaker US data releases, however the data has not shown enough of a slowdown in price growth or the labour market to influence the Federal Reserve's stance. Consequently, the first rate cut from the FOMC is expected to occur towards Q4 of the year, with two 25bps cuts anticipated by the end of the year. The Fed held rates steady at its early May meeting, with Chair Jerome Powell suggesting that rates would remain higher for longer due to insufficient progress in reducing inflation to target levels of around 2.0%

# 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.

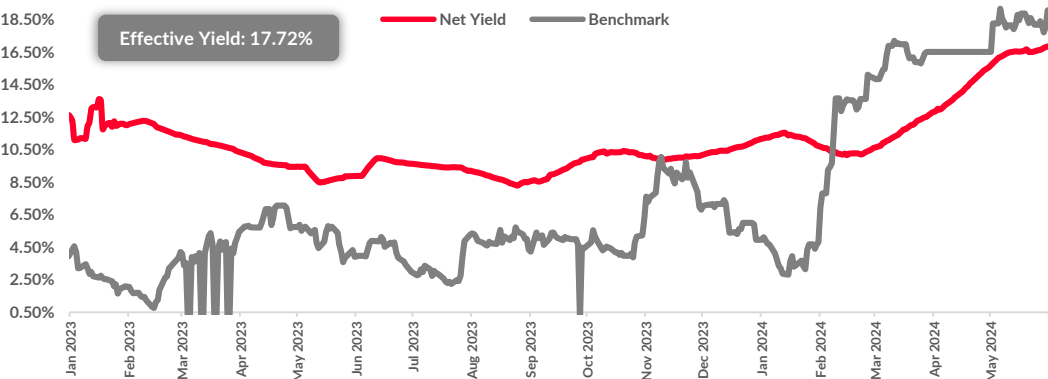
### Risk Management

- 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%	17.72%							
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	₦5.49 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

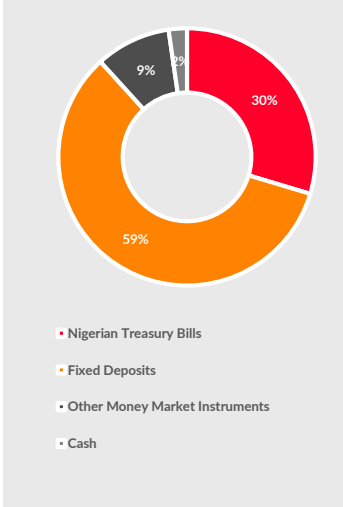
## FUND FEES

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



# 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

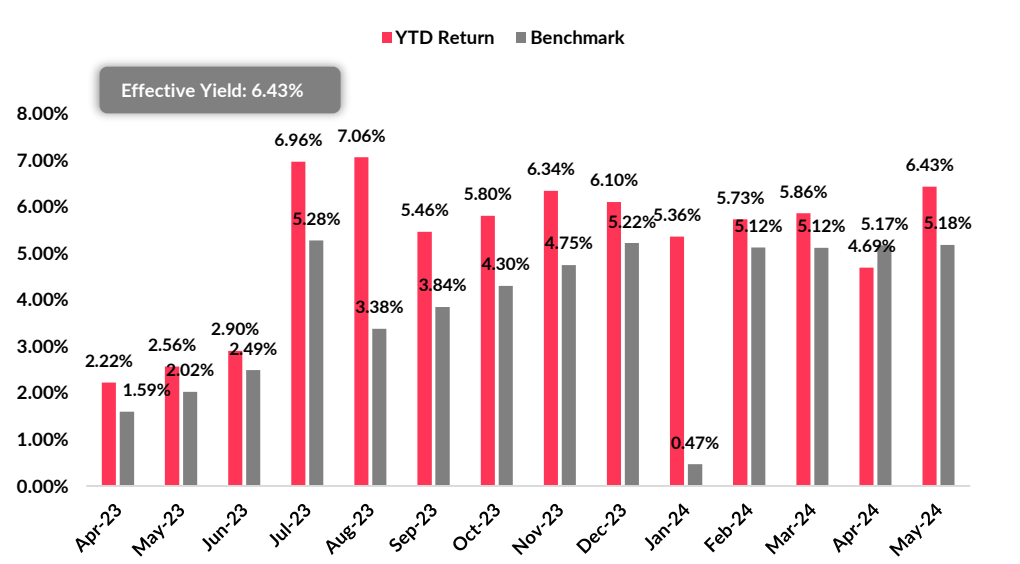
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on investing in high-quality issuers to reduce credit risk and employs strategies to limit interest rate risk through controlled durations.

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%							
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
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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	\$3.72 Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

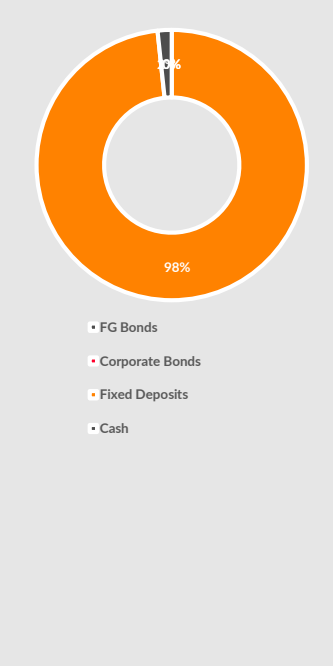
### FUND FEES

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



# 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.

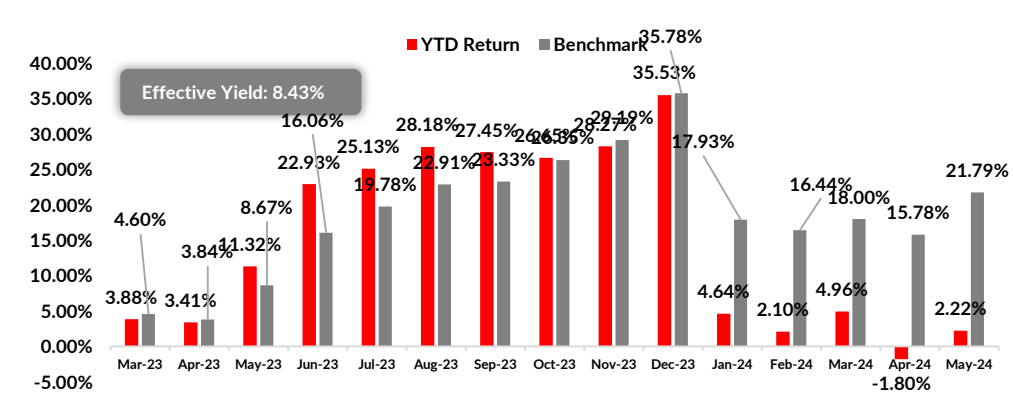
### Risk Management

- 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%								2.22%
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	₦184 Million
Offer price	₦1.4536
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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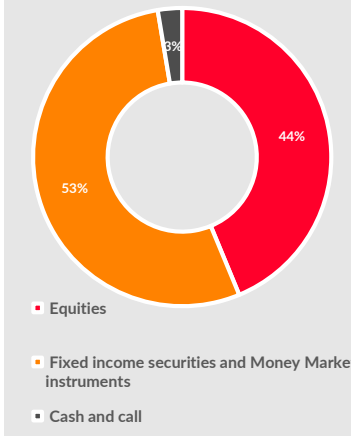
### FUND CHARGES

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

### FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	16.81%
Industrials	11.76%
Consumers	5.37%
Agriculture	1.29%
Oil and Gas	2.89%
Telecommunications	5.63%
Total	43.75%

### FUND ASSET ALLOCATION



# Coronation Fixed Income Fund

## FUND OVERVIEW

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

### Investment Objective:

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

### Investment Strategy:

The Fund Manager shall adopt and maintain an investment strategy that is designed to ensure a steady return on capital and assured liquidity.

The fund will strive to maintain an average duration of not more than 6 years.

The Fund may be suitable for investors looking to invest for the medium to long term with moderate risk appetite.

### Investment Philosophy:

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

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

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

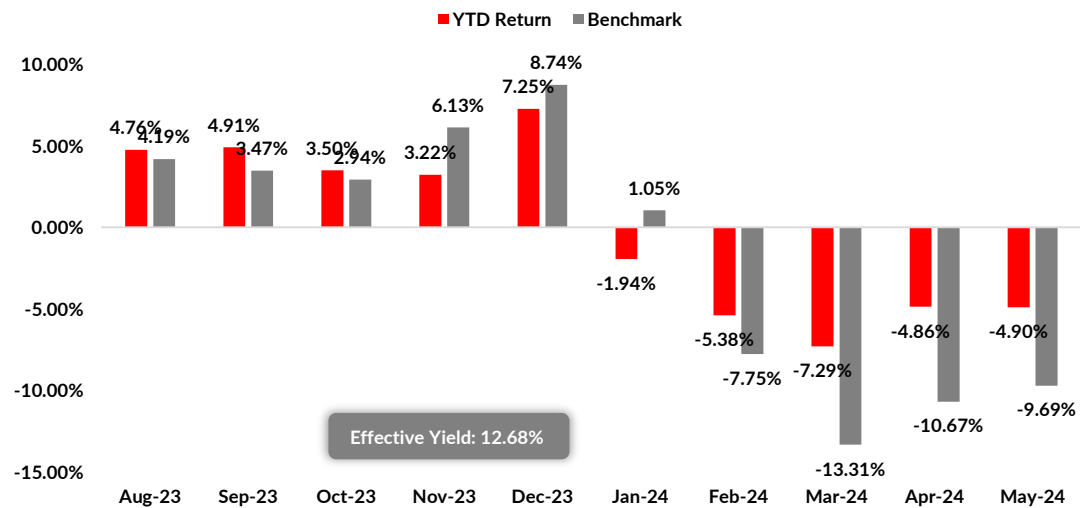
### Risk Management

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

## HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	-1.94%	-5.38%	-7.29%	-4.86%	-4.90%								-4.90%
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	₦323 Million
Offer price	₦1.3504
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

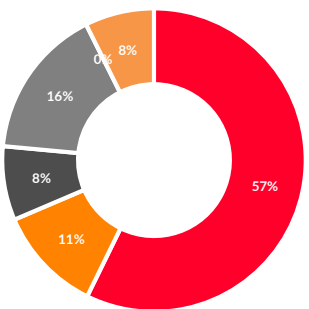
### FUND FEES

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



- FG Bonds
- Corporate Bonds
- Nigerian Treasury Bills
- Other MM Instruments
- State Bonds
- Cash

## DISCLOSURES & DISCLAIMERS

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