

CORONATION

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Mutual Funds Factsheet

April 2024

Macroeconomic and Market Review

April 2024

Overview

In April Nigerian markets were characterised by a move away from risk as the equity market traded off and Naira-denominated bonds rallied. At the same time, Treasury bill yields rose markedly after the decision of the CBN (in March) to raise the Monetary Policy Rate by 2.0 percentage points to 24.75%. Auctions of T-bills were arranged to keep short-term rates high. Inflation was reported at 33.20%.

In the foreign exchange market, the surge of confidence we had seen in March was reversed and the Naira lost ground to the US dollar. It should be noted that risk-free US dollar government bond rates continued to trade close to 20-year highs during April. The potential for US dollar strength was felt by many emerging market currencies.

Fixed Income

System liquidity was mainly negative during the month of April, a factor that we attribute to the series of auctions that took place during the month. As a result, there were sell-offs in the secondary market for Treasury bills, particularly short-term instruments, which drove yield upwards. Overall, market yields were elevated by month-end.

In the primary market for Treasury bills, the CBN offered N292.21bn at auction across the 91-day, 182-day, and 364-day tenors. Demand came in lower relative to the previous month as subscriptions came in at N2.58tn (N5.76tn in March) though with a bid-to-offer ratio of 8.84x (up from 8.74x in March). Total sales across the trio of instruments reached N1.31tn (bid-to-cover: 1.96x) with stop rates unchanged on the 91-day and 182-day maturities, at 16.24% and 17.00%; while the stop rate on the 364-day bill declined 42bps to 20.70%. OMO bills worth N500.00bn were also issued by the CBN across the 97-day, 188-day, and 363-day tenors with subscriptions reaching N1.20tn (bid-to-offer 2.39x). Total sales amounted to N676.65bn. Stop rates remained unchanged on the 97-day, and 188-day bills at 19.00% and 19.50%, respectively, while the stop rate on the 363-day bill declined by 37bps to 21.13%.

In the primary market for FGN bond, the Debt Management Office (DMO) issued bonds worth N450.00bn across the Apr-29, Feb-31, and Feb-34 maturities. The subscription level rose as demand reached N920.09bn (vs N615.01bn in March) with a bid-to-offer of 2.04x up from 1.37x in March. Total allotment reached N626.82bn (vs N475.66bn in March). Yields on the Feb-31 and Feb-34 declined by 25bps and 45bps, respectively, to 19.75% and 20.00%, while the yield on the Apr-29 settled at 19.30%.

In the secondary market, average yields on Treasury bills added 454bps to 22.20% pa, driven by sell-offs across the yield spectrum. Average yields at the short-end (+880bps to 23.16%), mid-point (+281bps to 19.89%), and long-end (+264bps to 22.94%) of the curve all increased. By contrast, average yields on FGN bonds declined by 47bps to 18.94% pa. Average yields across the short-end (-76bps to 18.85%), mid-point (-45bps to 19.36%), and long-end (-13bps to 18.54%) of the yield spectrum all declined as buyers were in evidence.

Equities

The impact of unimpressive Q1 24 results, particularly from telecom heavyweight, MTN Nigeria (-9.48% on the month) and the announcement of the recapitalisation of banks weighed on the equity market in April. Bearish sentiment reversed all the gains from March.

The NGX Exchange All-share index closed 6.06% lower on the month at 98,225.63 points, bringing the year-to-date return on the index to 31.36% from 39.84% in March. Bearish sentiment across Tier 1 banks including Guaranty Trust Holding Company (-37.31%), FBN Holdings (-32.77%), and Access Holdings (-31.22%), outweighed buying interest in Guinness Nigeria (+8.87%), Ecobank Transnational Inc. (+6.12%), and International Breweries (-4.49%).

All sectoral indices closed the month in the red, with the NGX Banking Index taking the lead, down by 24.79%, followed by the NGX Pension Index (-11.87%), the NGX Insurance Index (-6.49%), the NGX 30 Index (-6.34%), the NGX Consumer Goods Index (-4.04%), the NGX Industrial Goods Index (-3.19%), and the NGX Oil and Gas Index (-2.04%).

Oil

The Brent price closed the month at US\$87.86 per barrel, up 0.46%. The commodity price gained 14.04% year-to-date and traded at an average price of US\$83.63% per barrel, 1.76% higher than its average price of US\$81.76 per barrel in 2023.

Benchmark crude oil prices climbed further at the beginning of April, driven by escalating geopolitical tensions and expectations of a tight supply-demand balance for the rest of the year. A few days into the month, the price surpassed the significant US\$90 per barrel mark, representing an increase of nearly US\$4 per barrel since the close of March, hitting the highest point since October 2023. This rise was influenced by increased tensions between Israel and Iran. Additionally, US stockpile data and outages at Russian refineries contributed to concerns in the product markets, while OPEC+ continued to urge countries to enhance their adherence to agreed voluntary production cuts into the second quarter of 2024 to support prices.

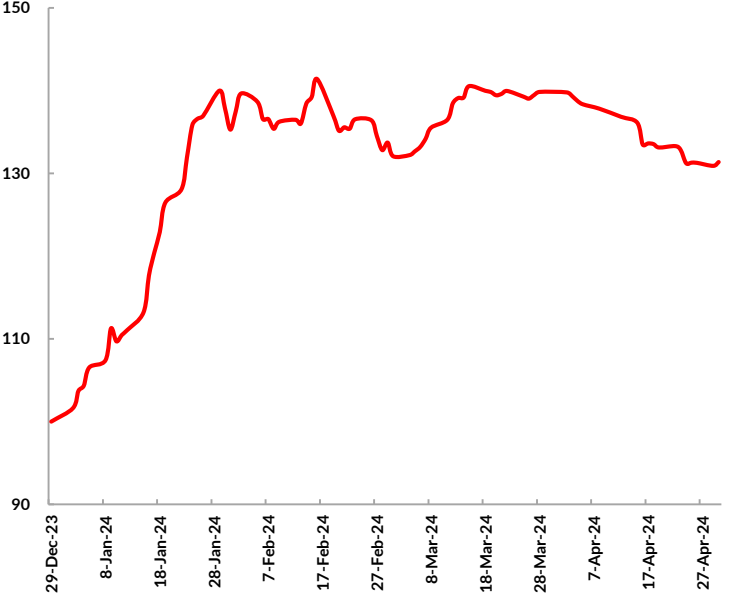
We expect the average price this year to exceed the US\$77.96/bbl forecast in Nigeria's 2024 budget.

Currency

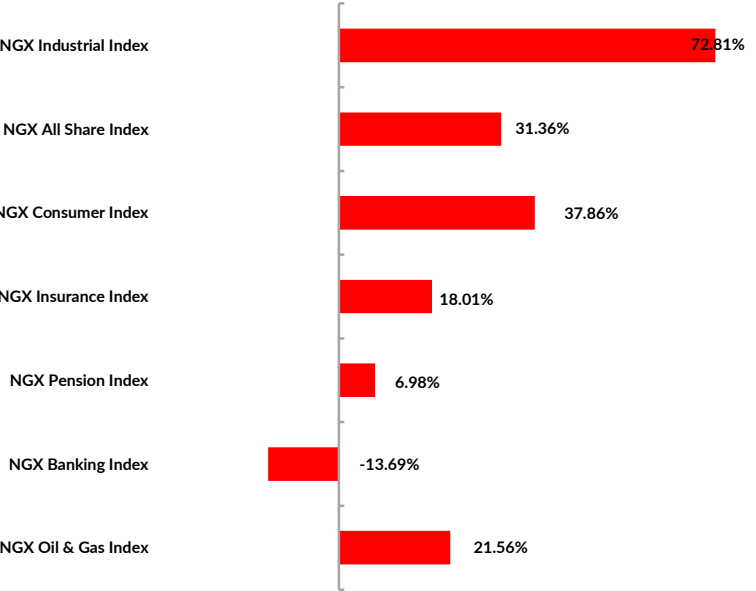
The foreign exchange market reversed some of its initial appreciation during March. This followed comments from the CBN concerning the use of the country's foreign reserves to defend the Naira. There had been concerns about the significant decline in reserves earlier. Before the reversal began, the Naira had appreciated to a high of N1,072.74/US\$1 mid-month.

At the NAFEM window, the exchange rate fell by 5.86% on the month to close at N1,390.96/US\$1. This brought the year-to-date decline in the Naira against the US dollar to 34.79%. In the parallel market, the Naira fell by 3.68% to close at N1,360.00/US\$1. By the close of the month, the gap between the official and street markets rose to 2.23% (0.05% in March). The CBN's published gross foreign reserves declined by 4.65% (or US\$1.57bn) on the month to close at US\$32.25bn.

NGX ASI, rebased 31 Dec 2023 =100



NGX sub-indices returns, 2024 year to 30 April



Source: NGX, Bloomberg, Coronation Research

Global economic outlook

Recent US economic data indicating higher-than-anticipated inflation and a resilient economy have led markets to adjust their expectations for US dollar rate cuts. Investors now anticipate that the Federal Reserve will delay rate cuts until the end of the third quarter of 2024 with two 25-basis point cuts by the end of the year. Fed officials continue to reinforce a higher-for-longer stance until data suggest that the inflation is cooling.

Given that the European Central Bank and the Bank of England are likely to begin loosening their monetary policies sooner than the Fed, the likelihood of a weaker US dollar in the second half of 2024 has reduced.

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.

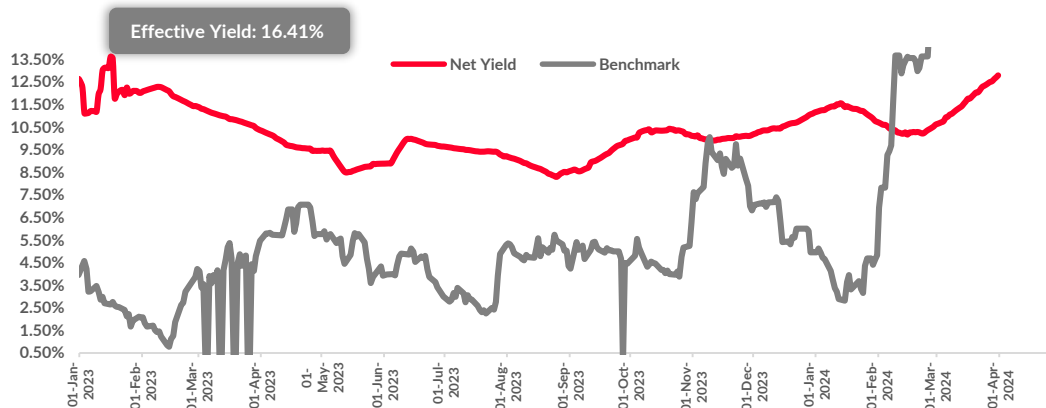
Risk Management

- 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%								
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	₦5.14 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

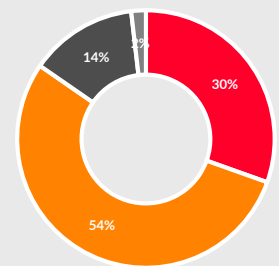
FUND FEES

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

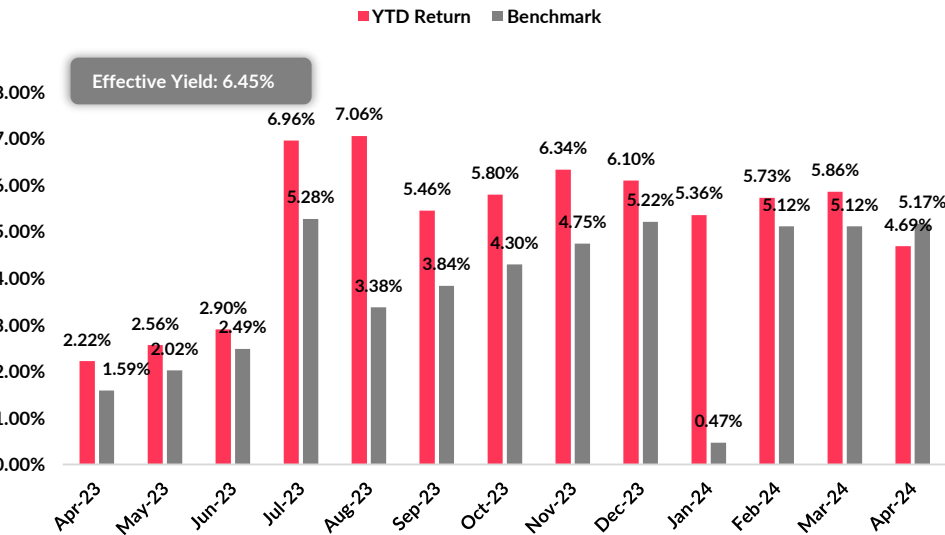
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on investing in high-quality issuers to reduce credit risk and employs strategies to limit interest rate risk through controlled durations.

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%								
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	\$3.01 Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

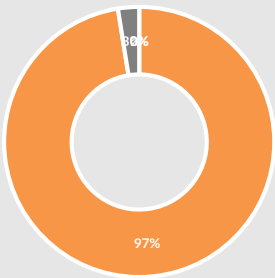
FUND FEES

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.

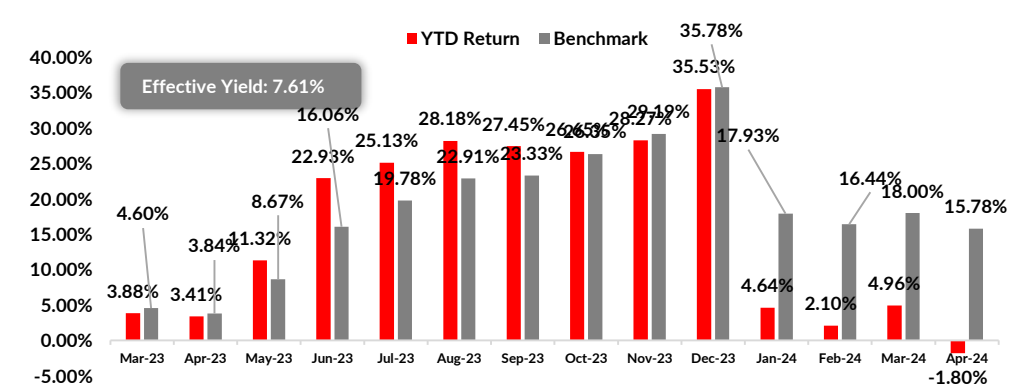
Risk Management

- 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%									-1.80%
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	₦180 Million
Offer price	₦1.5232
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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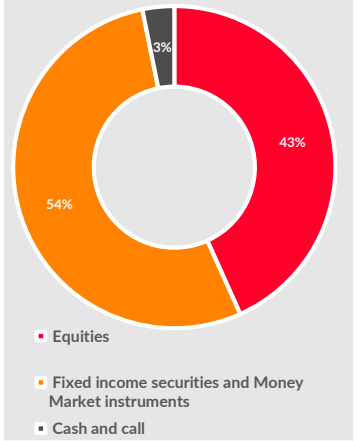
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	16.10%
Industrials	11.99%
Consumers	5.60%
Agriculture	1.20%
Oil and Gas	2.90%
Telecommunications	5.49%
Total	43.29%

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.

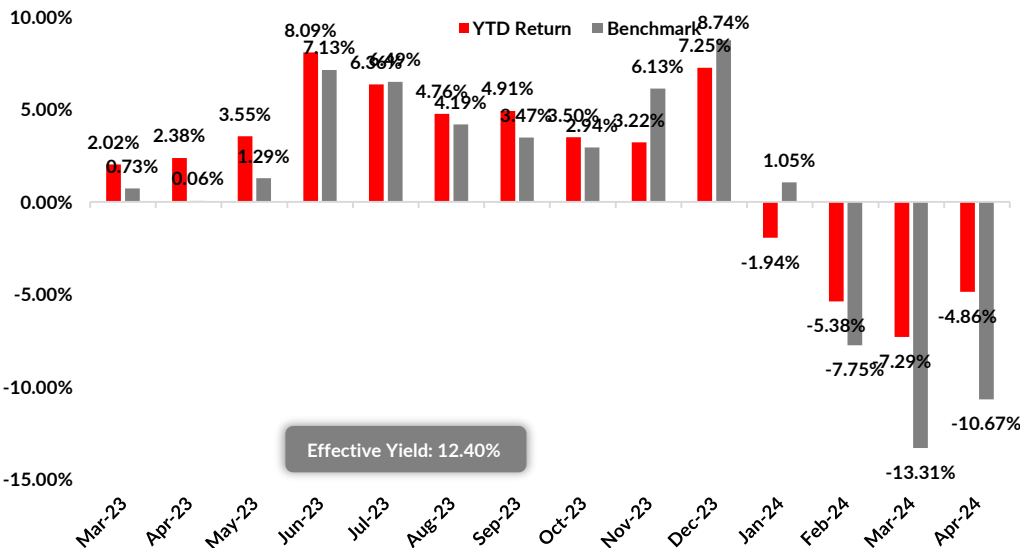
Risk Management

- 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%									-4.86%
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	₦316 Million
Offer price	₦1.3322
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

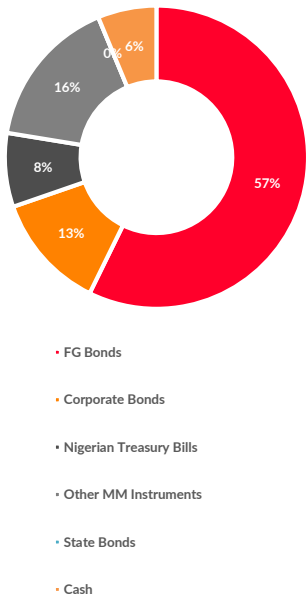
FUND FEES

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



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