



CORONATION

Mutual Funds Factsheet

April 2022

Outlook

Nigerian financial markets were mixed in April. Sentiment in the T-bill and FGN bond markets turned bearish; stability was the theme in the foreign exchange market; the Nigerian equity market resumed its upward trend. However, as we described in the last edition of this Macroeconomic and Market Review, the economic outlook appears to be improving, although the key data on Q1 2022 GDP will not be available till the latter part of May. We forecast 2.8% GDP growth for FY2022, lower than the International Monetary Fund, whose most recent forecast is for 3.4% growth.

Fixed Income

In line with our expectations, a reduction in system liquidity (-28.6%) led to rises in bond and T-bill auction stop rates and led to increases in market interest rates. In the Nigerian Treasury Bill (T-bill) secondary market, yields expanded by 42 basis points across the curve, on average, to 3.67% pa. Most of the sell-offs were at the long end of the T-bill curve where yields rose by 68bps on average. Stop rates rose across the two T-bill primary auctions held during the month. Specifically, the stop rate of the 1-year T-bill rose by 34 basis points to a two-month high of 4.79% pa (annualised yield: 5.03%); the rates on the short and mid-tenor bills remained unchanged.

The secondary market in bonds was bearish in April, with the average yield rising by 45 basis points to 11.16%. At the short end of the spectrum, the yield of a 2-year bond expanded by 10 basis points to 7.85%, while at the long end, the yield of a 12-year bond rose by 74 basis points to 12.26%. At the monthly primary auction, yields increased by 37 basis points on average, following the drop in total subscriptions (Bid-Offer: 1.82x vs 3.99x in March). We reiterate our view that fixed income yields are likely to rise over the medium term owing to an 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

After a slight pullback in March, the Nigerian equities market resumed its rally in April, with the primary equity gauge hitting multi-year highs on better-than-expected Q1 22 earnings. In addition, sustained low short-term market yields have continued to encourage participation in risk assets.

Specifically, the NGX All-Share Index (NGX ASI) rose by 5.69% m/m, its largest monthly gain since January 2022, to close at 49,638.94 points, its highest level since 4 September 2008. On market movers, gains in index heavyweights Airtel Africa (+9.97% m/m), Dangote Cement (+6.91% m/m) and MTN Nigeria (+0.23% m/m) buoyed the overall index. In addition, rises in Seplat Energy (+29.03% m/m), Nigeria Breweries (+41.16% m/m), Lafarge Africa (+13.92% m/m) and Guinness Nigeria (+30.62% m/m) also contributed to the indexes strong performance.

In general, it appears that there may be continued support for the market in the near term until our expectation for a sustained rise in interest rates crystallises.

Oil

Oil prices remained volatile in April following demand-side worries over the resurgence of Covid-19 cases in China and warnings from the International Energy Agency (IEA) of Russian oil shut-ins due to sanctions. Consequently, Brent crude rose to as high as US\$113.16/bbl, the highest level since 25 March, before settling at US\$109.34/bbl. Month-on-month, Brent rose by 1.33%, its fifth consecutive monthly gain. Year-to-date, Brent is up 40.58% and has traded at an average price of US\$99.93/bbl, 40.96% 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 threats of increased sanctions on Russia and a pause in talks to revive the Iran nuclear deal: on the other hand, it weighed expectations of a combined 255 million barrel stock draw-down by the US, IEA member countries and Japan. In addition, the resurgence of Covid-19 cases in Shanghai heightened concerns that Chinese demand would falter.

Furthermore, the Organisation of the Petroleum Exporting Countries and its allies (OPEC+) warned it would be unable to cover the deficit from lost Russian supply following warnings from the International Energy Agency (IEA) that roughly 3.0mbpd of Russian oil could be shut in due to sanctions or voluntary embargoes from May onwards. Libya also halted some exports in the wake of renewed political protests, driving up prices.

Elsewhere, OPEC+ agreed to add 432,000 bpd of production in May 2022. Nevertheless, upside risks remain for oil prices as the EU has proposed to phase out purchases of Russian crude oil, which in our view is likely to support oil comfortably above the US\$60.00/bbl mark – a measure of safety for Nigeria's public finances – over the first half of this year.

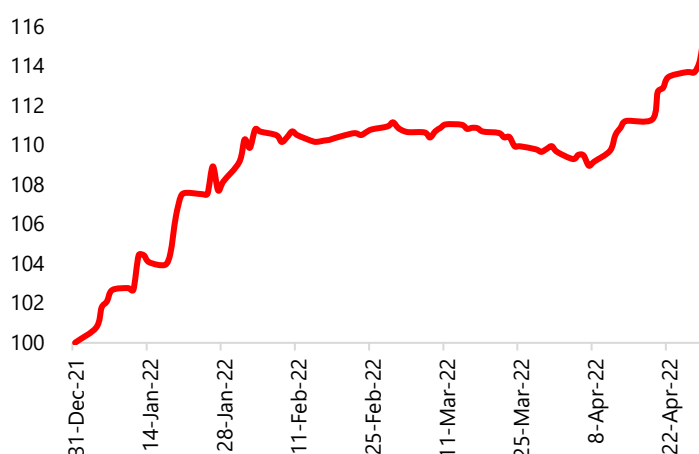
Currency

At the end of April, the exchange rate at the I&E Window weakened by 0.68%, its largest monthly drop since December 2021, to N419.00/US\$1, its lowest level since the start of January 2022. In addition, total turnover at the window declined by 5.8% m/m to US\$2.73bn.

Elsewhere, the CBN's FX reserves rose marginally (+0.08% or US\$32.52m) to US\$39.58bn. We note that the reserves remain comfortably above the US\$30.00bn level that we consider critical.

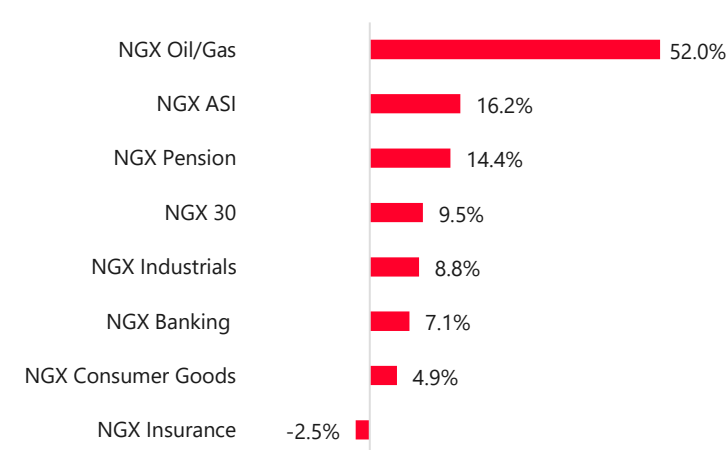
Our view remains that the CBN's position is strong as the level of FX reserves remains high in the long-term context. Hence, it seems likely that stability will be maintained in the I&E and NAFEX rates in the medium term.

NGX ASI return, rebased 31 Dec 2021=100



Source: NGX Exchange, Coronation Research

NGX sub-indices returns, YTD



Source: NGX Exchange, Coronation Research

Global economic outlook

Following a strong rebound in 2021, growth in the global economy is entering a pronounced phase of slowing, amid new threats from the ongoing war in eastern Europe between Russia and Ukraine, the spread of new COVID-19 variants, a rise in inflation, pressure on sovereign and corporate 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.

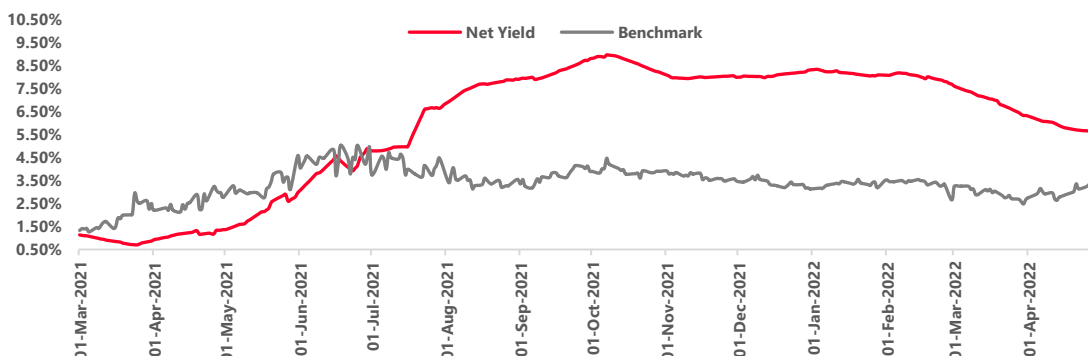
Risk Management

- 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%								
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
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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	₦5.3 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

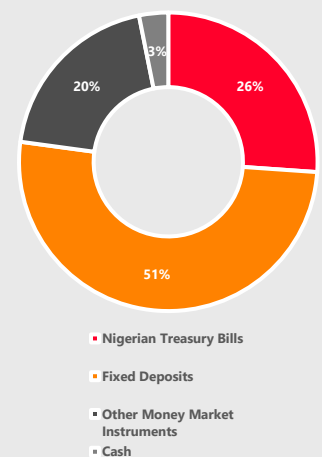
FUND FEES

Management	1.0% p.a.
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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 minimise risk exposure.

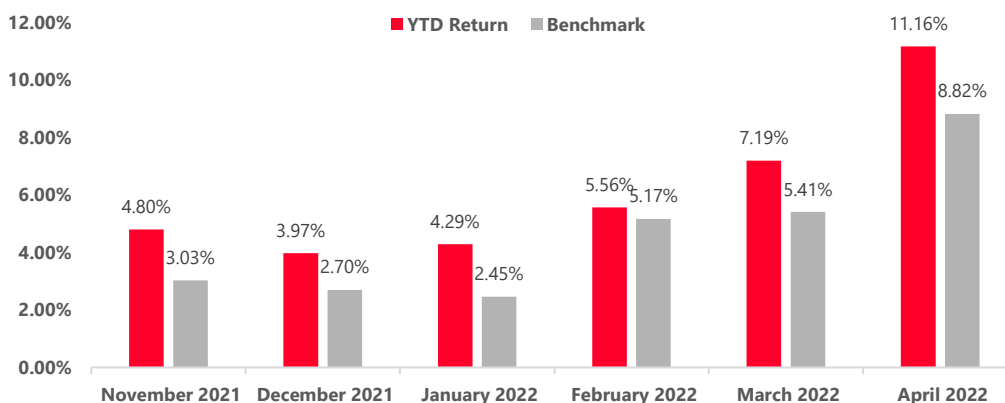
Risk Management

- 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%									11.16%
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
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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	₦124 Million
Offer price	₦1.2019
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.
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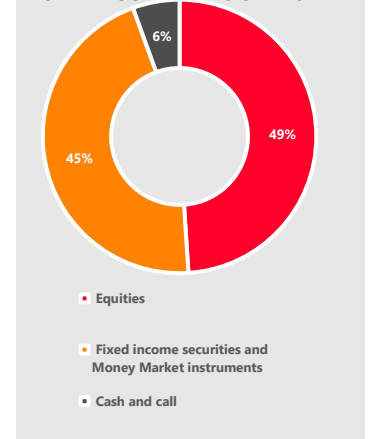
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	7.91%
Industrials	12.39%
Consumers	0.00%
Agriculture	11.10%
Oil and Gas	5.73%
Telecommunications	11.83%
Total	48.96%

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

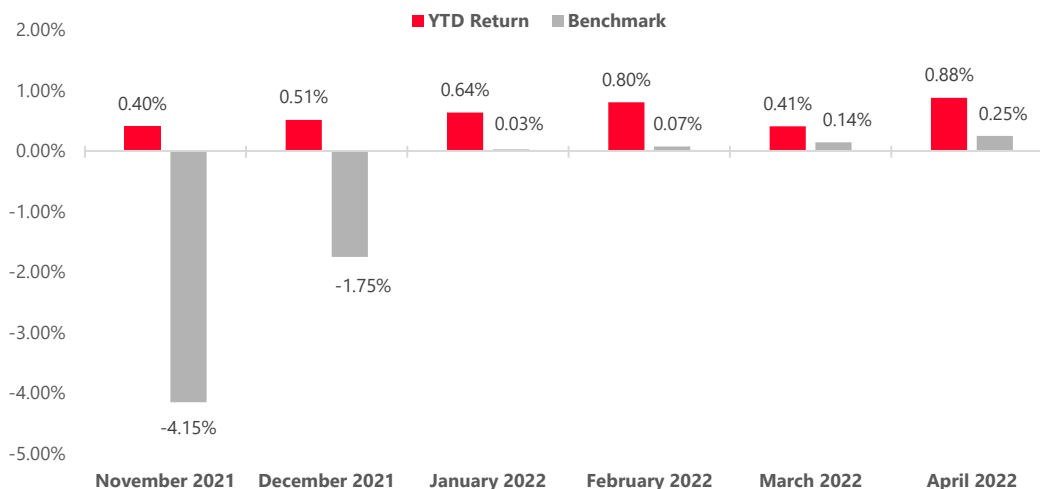
Risk Management

- 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%									0.88%
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
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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	\$1.34 million
Offer price	\$ 1.1426
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$10,000
Minimum additional transaction size	\$5,000

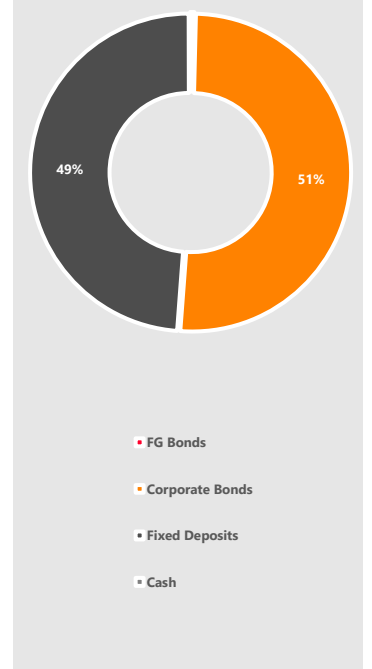
FUND FEES

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 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.

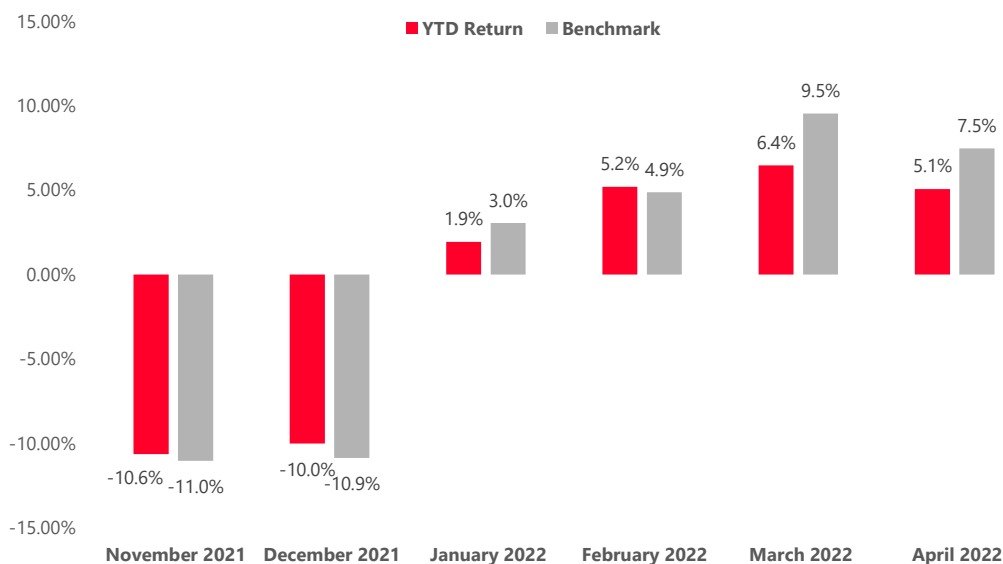
Risk Management

- 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%									5.06%
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
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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
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	₦1.4764
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

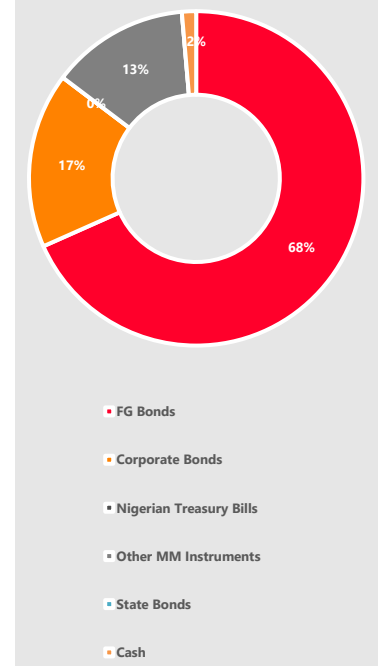
FUND FEES

Management	1.50% p.a.
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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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