

CORONATION

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Mutual Funds Factsheet

November 2024

Macroeconomic and Market Review

November 2024

Overview

November saw key developments in the stabilisation of Nigeria's financial markets. Data was released showing that foreign portfolio investment (FPI) had reached US\$1.1 billion in September and US\$1.2 billion in October, almost double their average monthly levels during the first nine months of the year. There was a strong suggestion that foreign investor confidence was improving. This was reinforced by the fact that, during November, the average yield of the Federal Republic of Nigeria's (FGN) outstanding Eurobonds fell by an average of 100 basis points (one percentage point).

This followed an upbeat report (in October) from the World Bank (the Nigeria Development Update, NDU), that awarded Nigeria high ratings for foreign exchange policy, removal of fuel subsidy, and monetary policy. It was therefore not a surprise to see the Naira/US dollar exchange rate stabilise in November, while the yield in the secondary market for Naira-denominated Treasury bills (T-bill) rose from 24.00% to 27.06% for bills of one-year's duration, making investment in Naira-denominated securities increasingly attractive.

At its final meeting of the year, the Monetary Policy Committee of the Central Bank of Nigeria raised its Monetary Policy Rate by 25 basis points (bps) to 27.50%, bringing the total of MPR rises to 875bps for the year. Policy that is primarily designed to combat inflation running at 33.88% year-on-year, is tight across the board. And international investors appear to be taking note.

Fixed Income

November was characterised by a series of auctions across Treasury bills, OMO bills, and FGN bonds in furtherance of the Central Bank of Nigeria's commitment to manage system liquidity and control prices.

Beginning with its auctions of Open Market Operation (OMO) bills, on the 5th of November the CBN offered N300.0bn (US\$179.4m) across all tenors. However, only the 364-day paper saw subscriptions. These totaled N1.45 trillion (US\$866.87m) and the CBN filled all demand which was approximately 4.8x the amount initially offered. The stop rate saw a small, 4bps, decline from the last OMO auction to close at 24.28%, implying an annual yield of 32.07%.

At the November FGN Bond auction the Debt Management Office (DMO) offered a total of N120.0bn (US\$71.7m) across the 2029 and 2031 maturities. However, it sold a total of N346.15bn (US\$206.94m) across both tenors with allotment of the 2031 maturity being about 80% of the total amount allotted. Total allotment was up 19.53% at N346.15bn from October's N289.60bn. Stop rates on the 2029 maturity and 2031 maturity saw 25bps and 20bps increments to close at 21.00% and 22.00%, respectively.

The DMO held two primary auctions for Treasury bills during November. At these auctions they offered a total of N1.2 trillion (US\$680.8m). Total subscriptions across the two auctions amounted to N1.85 trillion with the DMO selling a total of N1.3 trillion. The first auction of the month saw stop rates move upwards, substantially, with the stop rate for one-year paper rising by 235bps to close at 23.00%. At the second auction of the month this rose by a further 50bps to 23.50%, implying an annual yield of 30.71%. Month-on-month stop rates trended upwards by a total of 285bps from October's last auction. The movement in November reflects bearish sentiment which prevailed during the month while the allocated rates show the CBN's commitment to mopping up liquidity and enabling a high-interest rate environment.

Equities

The NGX All-Share Index sustained its losing streak, declining by 0.15% (vs -0.92% the previous month) to end at 97,506.87 points. This pullback adjusted the year-to-date return down to 30.40%. Bearish sentiment was largely driven by selloffs in telecommunication stocks.

During the month, buying interest in Aradel Holdings (+4.42% m/m), Zenith Bank (+11.39% m/m), and United Bank for Africa (+9.73% m/m) was offset by losses in Airtel Africa (-1.96% m/m), MTN Nigeria (-2.91% m/m), and BUA Cement (-2.86% m/m). Consequently, the market capitalisation decreased by N64.08bn, closing at N59.11tn.

Sectoral performance was mostly positive. The NGX Insurance Index led the way, gaining 9.11% during the month, followed by the NGX Banking Index with a 3.39% increase and the NGX Oil and Gas Index, which rose by 3.20%. The NGX Consumer Goods Index posted a 2.40% gain, while the NGX Industrial Goods Index edged up by 2.14% and the NGX Pension Index increased by 1.50%. By contrast, the NGX 30 Index shed 0.04%.

Oil

Brent Crude closed at US\$72.94 per barrel, losing 0.30% from US\$73.16 per barrel at the end of October. This brought the year-to-date gain down to 5.32%, with an average trading price of US\$80.45 per barrel year-to-date, 2.11% less than its average price of US\$82.19 per barrel in 2023.

During the month Brent saw weakness stemming from fading concerns over supply risks from the Middle East conflict and expectations of increased supply in 2025. The ceasefire between Israel and Hizbollah lowered the oil risk premium, even amid accusations of violations. The conflict has not caused significant supply disruptions, and abundant supply is expected in 2025

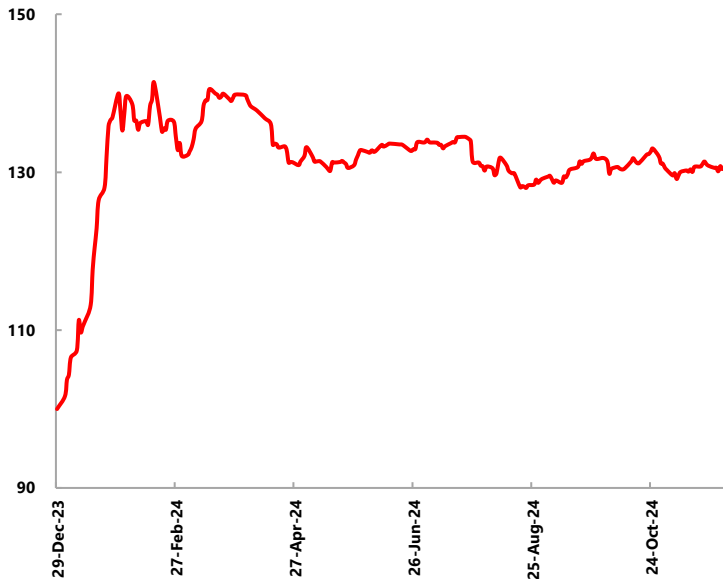
CORONATION

Currency

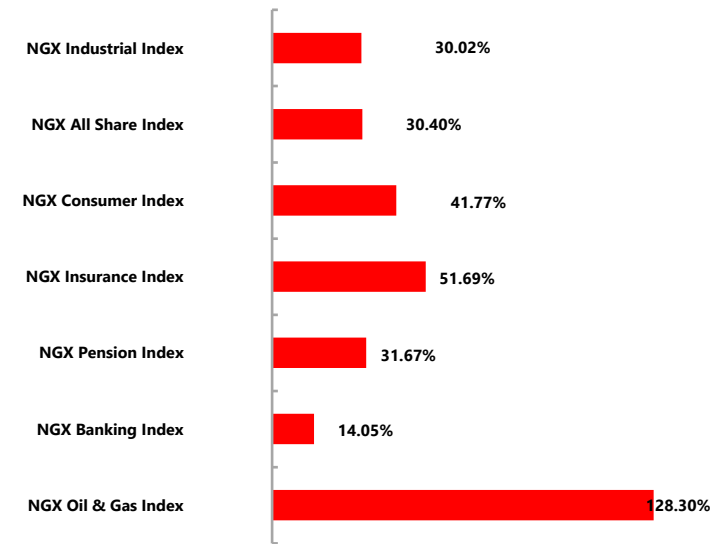
By the end of November, the exchange rate in the Nigeria Autonomous Foreign Exchange Market (NAFEM) had appreciated by 0.17% month-on-month (a recovery from the 7.97% decline in October), closing at N1,672.69/US\$1. Throughout the month, the exchange rate fluctuated around the N1,600/US\$1 mark. Year-to-date, the Naira has depreciated by 45.77% against the US dollar, a slight improvement from the 45.86% depreciation recorded in October. Similarly, in the parallel market, the Naira appreciated by 0.86%, reversing the 2.46% decline in October, and closed at N1,735.00/US\$1.

The Central Bank of Nigeria's reported gross foreign exchange reserves increased by 1.12%, or US\$446.94 million, ending the month at US\$40.23 billion. This rise is attributed to inflows from multilateral loans from international organisations, private-sector corporate inflows, and foreign portfolio investment (FPI).

NGX ASI, rebased 31 Dec 2023 = 100



NGX sub-indices returns, 2024 year to 31 November



Source: NGX Exchange, Bloomberg, Coronation Research

Global economic outlook

Following Donald Trump's US Presidential election win, market volatility has been driven by uncertainty regarding its impact on the US and global economies. The US Federal Reserve cut interest rates by 25bps, following a 50bps reduction in September, signaling a cautious approach amid a strong economy and resilient labor market. While inflation is easing, post-election uncertainty clouds the economic outlook.

In Europe, economic activity remains sluggish, with concerns over potential US tariffs and political instability in France dampening investor confidence. China's economic prospects are uncertain, as authorities focus on easing local governments' debt burdens instead of direct fiscal stimulus, though larger measures may be expected next year. Meanwhile, central banks in the UK, Sweden, and New Zealand lowered interest rates further, with expectations of additional cuts in the months ahead.

Coronation Money Market Fund

FUND OVERVIEW

The Coronation Money Market Fund is an open-ended fund that invests in low-risk, short-term instruments, including Treasury Bills, Term Deposits, Commercial Papers, and other Money Market securities. Our goal is to generate regular income while maintaining liquidity and preserving capital.

Investment Objective:

Our objective is to provide investors with a steady return on capital by actively investing in high-quality, investment-grade money market instruments.

Investment Strategy:

Our fund manager employs a disciplined investment approach, focusing on:

- Diversification: Building a portfolio of high-quality money market securities
- Liquidity: Maintaining an average duration of 90 days or less
- Risk Management: Implementing robust controls to minimize credit and interest rate risk

Suitable Investor:

This fund is ideal for short-term focused investors seeking:

- Capital preservation
- Moderate income
- Liquidity

Investment Philosophy

We follow a fundamental investment process, combining:

- Bottom-up credit selection
- Tactical trading in liquid instruments
- Robust risk management tools
- Research-based macro risk analysis

Our investment team works closely with the Research team to provide market insights, ensuring that our investment decisions are informed and effective.

Risk Management

We prioritize risk management through:

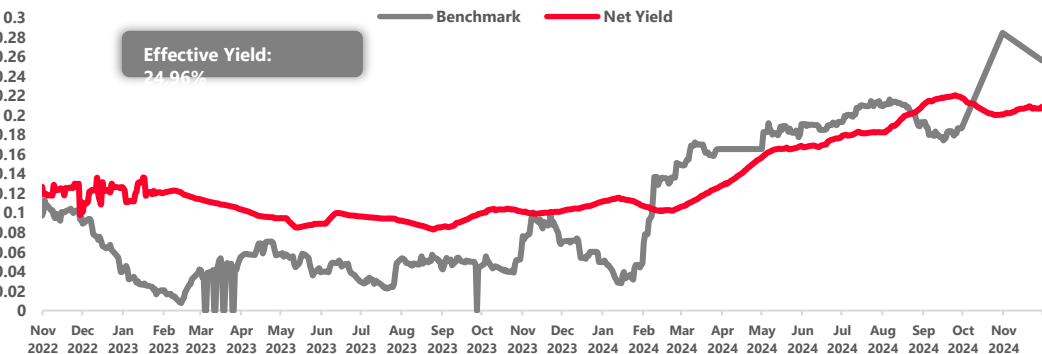
- High-quality issuer selection
- Duration limits
- Issuer concentration limits
- Rigorous selection criteria
- Independent risk and compliance review.

Our disciplined investment process and continuous value analysis ensure that we deliver consistent returns while minimizing risk exposure.

HISTORICAL 30-DAY ROLLING AVERAGE YIELD

	January	February	March	April	May	June	July	August	September	October	November	December
2024	10.73%	10.60%	12.78%	15.57%	16.85%	17.71%	18.23%	20.94%	21.76%	20.04%	20.85%	
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



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	₦8.16 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

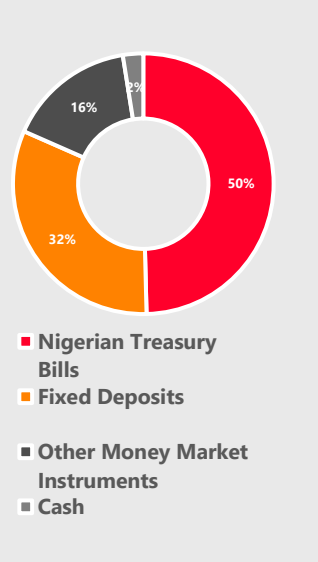
FUND FEES

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 Coronation Fixed Income Dollar Fund is a short-term fixed income fund that aims to provide unit holders with the opportunity for capital preservation and income generation. The fund invests in a diversified portfolio of short-term dollar-denominated fixed income securities, with a focus on maintaining liquidity and controlling risk.

Investment Objective:

The primary objective of the Coronation Fixed Income Dollar Fund is to provide unit holders with the opportunity for short-term capital preservation and income generation through investments in a diversified portfolio of short-term dollar-denominated 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
- A strong emphasis on risk management

Risk Management

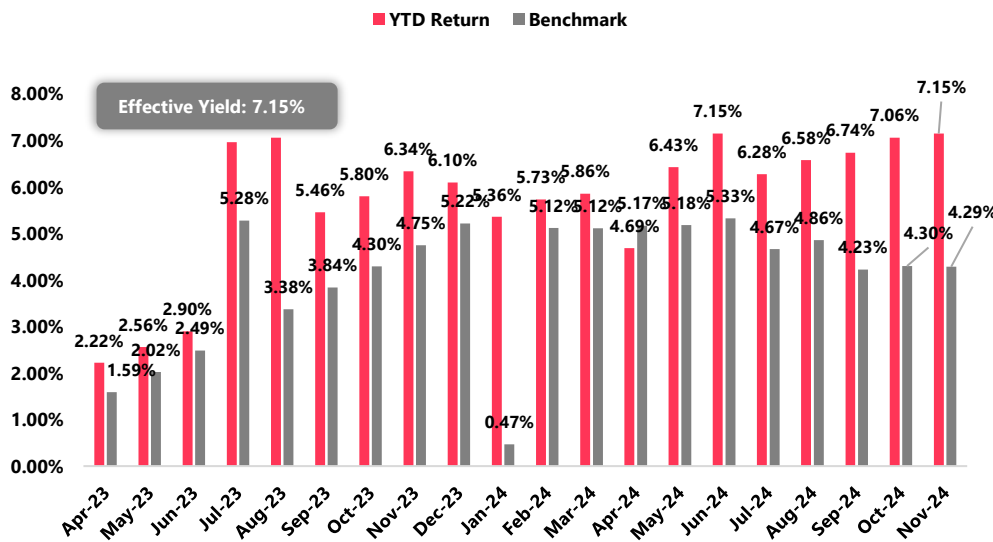
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on:

- Investing in high-quality issuers to reduce credit risk
- Employing strategies to limit interest rate risk through controlled durations
- Maintaining issuer concentration limits and adhering to stringent selection criteria
- Conducting 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%	5.73%	5.61%	4.69%	7.01%	7.32%	6.25%	6.54%	6.51%	7.63%	7.17%	
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	\$3.61Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

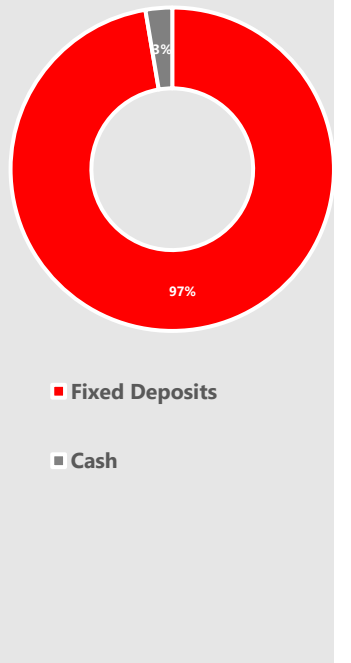
FUND FEES

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

The Coronation Balanced Fund is a medium-term investment solution offered by Coronation Asset Management. The fund aims to achieve capital appreciation and income generation while mitigating the volatility associated with equity investments.

Investment Objective:

The fund's objective is to provide investors with a balanced portfolio that generates capital appreciation and income while managing risk.

Investment Strategy:

The fund manager employs a strategic asset allocation approach, investing in a diverse pool of Nigerian equities and fixed income securities, including:

- Equities (up to 70%)
- Fixed income securities (up to 20%)
- Other market securities (up to 10%)

The fund targets a fixed income duration of 5 years and primarily invests in Naira-denominated fixed income and money market instruments.

Investment Philosophy

Our investment philosophy is centered around a fundamental, bottom-up approach, focusing on high-quality money market securities that deliver steady returns and provide liquidity. We employ robust risk management tools, including:

- Rigorous credit selection and macro risk analysis
- Independent risk and compliance review
- Disciplined investment process with multiple level review
- Continuous value analysis and issuer concentration limits

Risk Management

We prioritize risk management through:

- High-quality issuer selection to reduce credit risk
- Duration limits to mitigate interest rate risk
- Rigorous selection criteria and research-based macro risk analysis
- Independent risk and compliance review
- Disciplined investment process with multiple level review

By following a disciplined investment approach and adhering to strict risk management guidelines, we aim to deliver consistent returns and minimize risk exposure for our investors.

RISK - REWARD PROFILE



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	₦197 Million
Offer price	₦1.5887
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

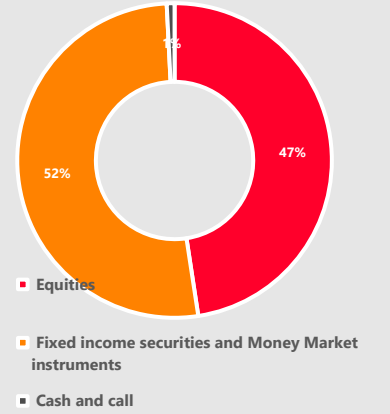
Entry charge	None
Exit charge	None
Early Redemption Charge	1.5% of net proceed

FUND CHARACTERISTICS

Equities Holding by Sector

Financials	21.08%
Industrials	9.86%
Consumers	4.28%
Agriculture	1.59%
Oil and Gas	4.61%
Telecommunications	6.17%
Total	47.59%

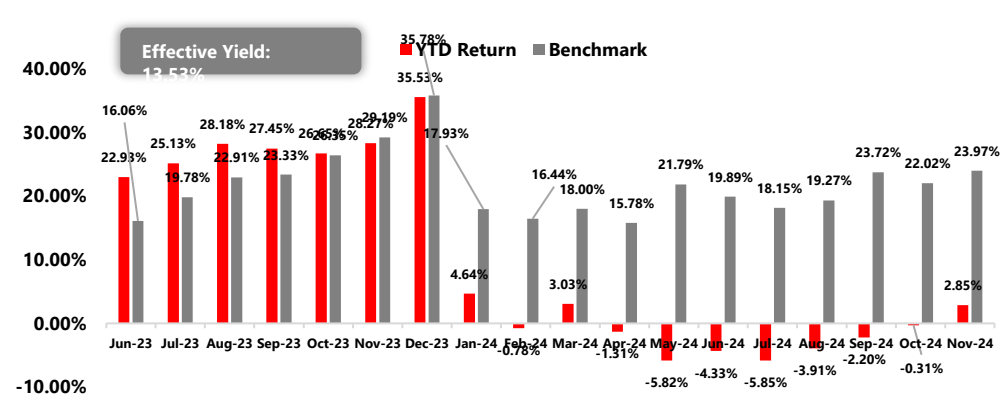
FUND ASSET ALLOCATION



HISTORICAL FUND PERFORMANCE

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	4.64%	-5.18%	3.84%	-4.21%	-4.57%	1.58%	-1.59%	2.06%	1.77%	1.94%	3.17%		2.85%
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



Coronation Fixed Income Fund

FUND OVERVIEW

The Coronation Fixed Income Fund is a medium to long-term investment solution designed to provide unit holders with long-term capital growth and regular income. The fund invests primarily in diverse portfolios of fixed income securities, employing a fundamental investment process and robust risk management tools to deliver consistent excess returns with low volatility.

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

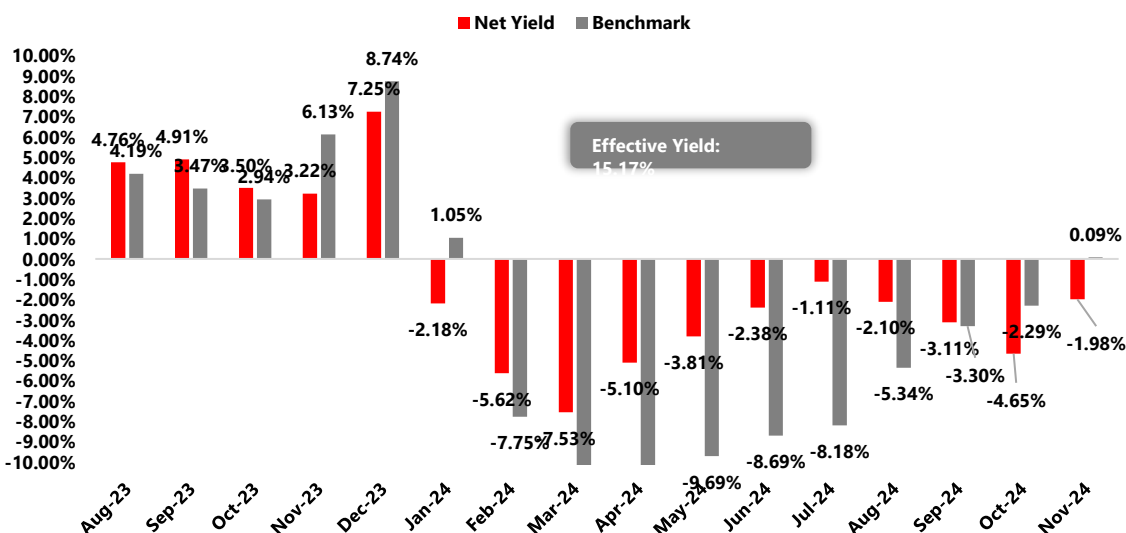
Risk management and controls are the foundation of the team's process integrated in the valuation, analytics, trading and portfolio management, which is vetted by research with market insight of the investment team to minimise risk exposure. Key risk management strategies include:

- 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%	-3.51%	-2.02%	2.63%	1.36%	1.49%	1.29%	-1.00%	3.08%	-1.64%	-1.98%		2.30%
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

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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	N348 Million
Offer price	N1.3920
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	N10,000
Minimum additional transaction size	N5,000

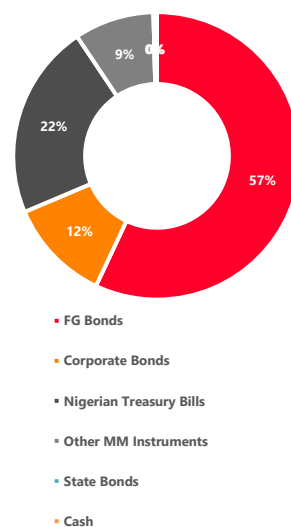
FUND FEES

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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