

CORONATION

Mutual Funds Factsheet

March 2023

Macroeconomic and Market Review

March 2023

Overview

March saw sell-offs across Nigeria's financial markets as investors in the equity market sought to book profits while reduced system liquidity resulted in a bearish behaviour in both the FGN bond and T-bill markets. The exchange rate of the Naira in the I&E window remained little changed as the Central Bank of Nigeria continued to manage the currency within a narrow range.

Inflation remained elevated with data for February showing that prices had risen by 21.91% year-on-year, a headline inflation rate 9 basis points higher than the previous month. Food inflation rose by 3 basis points to 24.35% year-on-year while core inflation fell by 32 basis points to 18.84% year-on-year. The increase in headline and food inflation is attributable to the intermittent petroleum (or PMS) scarcity, the lingering impact of high commodity prices, and foreign exchange pressures.

The Monetary Policy Committee (MPC) of the CBN continued with its hawkish stance by hiking the MPR by 50 bps to 18.0% at its March meeting citing the need to curtail inflation.

Fixed Income

In March, the T-bill market traded on a bearish note following reduced system liquidity as the supreme court reversed CBN's policy on new notes. Banks became less liquid than before as they returned money from current accounts to cash dispensers (ATMs). On average, the yields on secondary market Nigerian Treasury Bills (T-bill) rose by 371 basis points across the curve to settle at 7.73% on an annualised basis.

Across the T-bill primary auction in March, the CBN allotted N631.84bn (US\$1.37bn) worth of bills. The auctions recorded a total subscription of N2.17tn, implying an average bid-to-cover ratio of 3.43x. Stop rates across the 91-day (+300bps to 6.00%), 182-day (+376bps to 7.00%), and the 364-day (+484bps to 14.74%) bills expanded.

Activity in the Federal Government of Nigeria (FGN) bond secondary market was also bearish in March as the average yield of FGN bonds expanded by 29 basis points to 13.56% month-on-month. At the short end of the curve, the yield of a 2-year bond increased by 33 basis points to 12.03%, while at the long end the yield of a 20-year bond rose by 33 basis points to 14.75% per annum.

At the FGN bond auction, the Debt Management Office (DMO) allotted a total of N563.36bn (US\$1.22bn). Demand was slightly lower than at the previous auction in February, as reflected by a total subscription of N808.6bn (N992.1bn) and a bid-to-offer ratio of 3.88x (vs 3.95x at the last auction)

The yields on the April 2032 (-15bps to 14.75%), April 2037 (-70bps to 15.20%), and April 2049 (-25bps to 15.75%) declined while the yield on the February 2028 expanded slightly by 1bp to 14.00%. Nevertheless, we reiterate our view that fixed-income yields are likely to rise over the medium term owing to an expected increase in domestic borrowing by the Federal Government of Nigeria to finance the budget deficit and tight domestic monetary policy.

Equities

Domestic shares traded on a bearish note during the month of March after five consecutive months of rallies as investors took profits in bell-wether stocks.

The NGX All-Share Index (NGX ASI) declined by 2.82% month-on-month to settle at 54,232.34 points. This took overall gain for the year to 5.82%. On market movers, losses across index heavyweights such as Nigerian Breweries (-10.52% m/m), ETI (-13.46% m/m), Dangote Cement (-2.88% m/m), Airtel Africa (-8.60% m/m), Seplat Energy (-13.21% m/m), GTCO (-4.32% m/m) and Zenith (-2.45% m/m) drove the broad index's performance.

As market interest rates are currently elevated, especially T-bills, we expect equity investors to continue to exercise caution.

Oil

Oil prices extended declines in March following concerns that turmoil in the global banking sector could cause a recession which in turn would prompt a decline in fuel demand. Withdrawal of customer deposits from different banks in the US and Europe saw several banks collapse and one European bank forced into an emergency merger.

Brent lost 4.91% month-on-month and traded at an average price of US\$79.21/bbl, 20.06% lower than the average of US\$99.09/bbl in 2022.

Nevertheless, we maintain that on average in 2023 Brent prices are likely to remain well above the US\$75.00/bbl set in Nigeria's government budget.

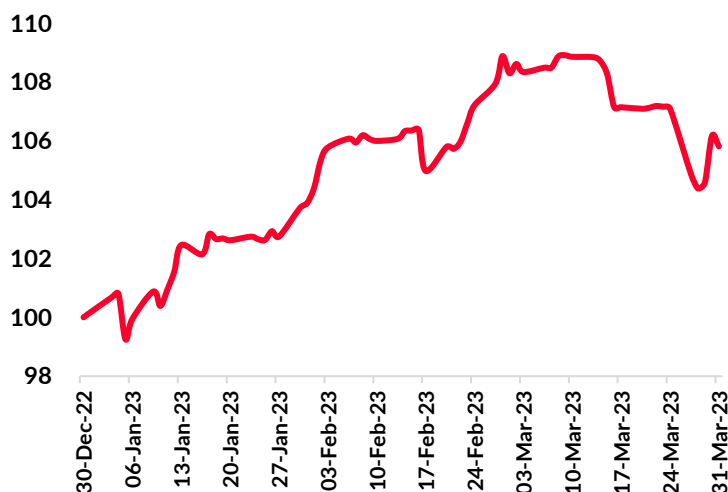
Currency

In March, the exchange rate at the I&E Window appreciated slightly by 0.13% m/m to close at N461.38/US\$1. In addition, liquidity at the window improved as average daily turnover increased by 43.94% m/m to US\$123.51m.

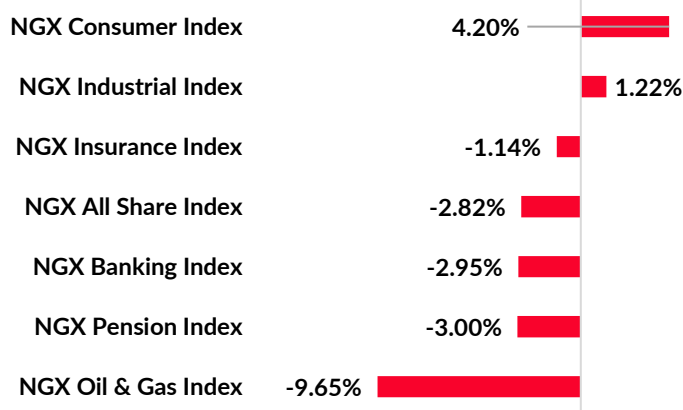
The CBN's published FX reserves fell for the eighth successive month, declining by 3.22% (or US\$1.18bn) m/m to US\$35.49bn, reflecting intervention efforts of the CBN across the various FX windows.

The CBN has maintained the exchange rate in the I&E Window within a narrow year-to-date. With its FX reserves close to historic highs, we expect the exchange rate to be maintained at very close to current levels for several months, at least, with a trend for slight depreciation.

NGX ASI, rebased 31 Dec 2022=100



NGX sub-indices returns, 2023 YTD - 31 March 2023



Source: NGX Exchange, Coronation Research

Global economic outlook

The month of March saw risks to global economic growth reemerge following events in the banking sector. Two mid-sized US banks (Silicon Valley Bank and Signature Bank) collapsed and this initially raised the prospect that the Federal Reserve of the US would pause its policy rate increases. What might have developed into a crises has now been brought under control with explicit deposit guarantees (and the takeover of Signature Bank) and it is expected that the US Federal Reserve will continue with a further 25-bps hike at its May meeting.

The global economy's gradual recovery remains on track. The US job market has remained resilient as the US economy added 236,000 jobs in March, though the pace was slower than in previous months.

Elsewhere, China's sudden re-opening after its Covid-19 lockdowns paves the way for a rapid rebound in activity. Similarly, bottlenecks in global supply chains have continued to normalise, although downside risks persist.

The World Bank projects the global economy to grow by 1.7% in 2023 and 2.7% in 2024, while Sub-Saharan Africa is expected to grow by 3.6% in 2023 and rise to 3.9% in 2024.

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.

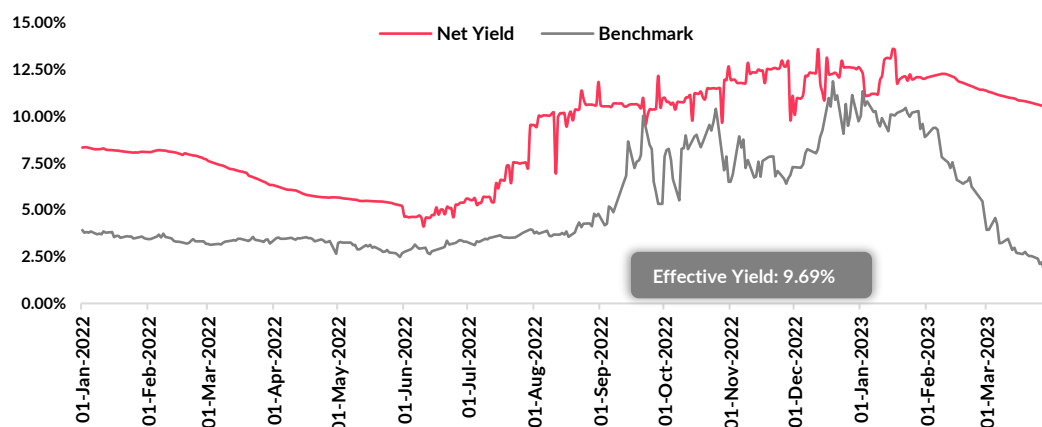
Risk Management

- 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
2023	12.08%	11.40%	10.36%									
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	₦4.8 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

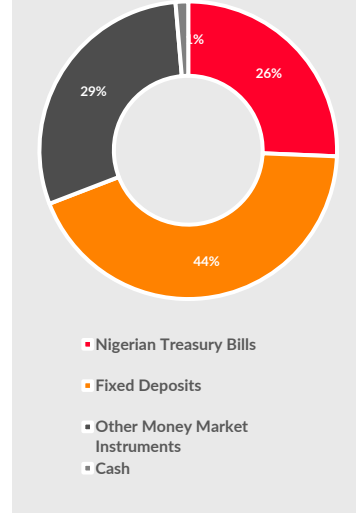
FUND FEES

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 minimize risk exposure.

Risk Management

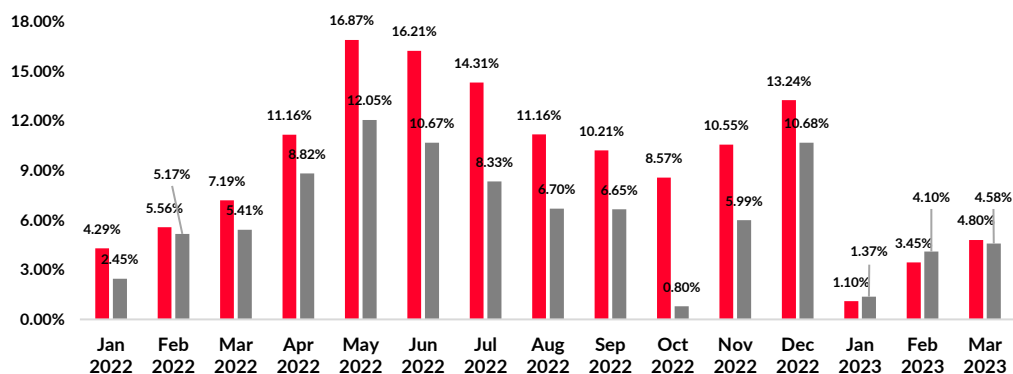
- High-quality issuer to reduce credit risk and durations limit to mitigate interest rate risk
- Rigorous selection criteria and research-based macro risk analysis
- Independent risk and compliance review
- Disciplined investment process and multiple level review
- Continuous value analysis relative 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
2023	1.10%	2.32%	1.31%										4.80%
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

■ YTD Return ■ 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	₦127 Million
Offer price	₦1.2509
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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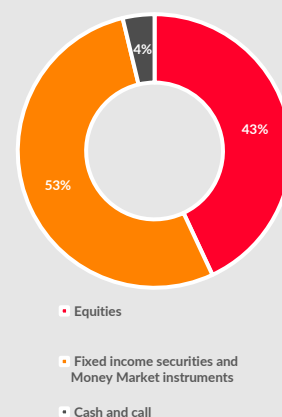
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	14.48%
Industrials	9.16%
Consumers	3.93%
Agriculture	2.37%
Oil and Gas	3.82%
Telecommunications	9.28%
Total	43.04%

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 minimize risk exposure.

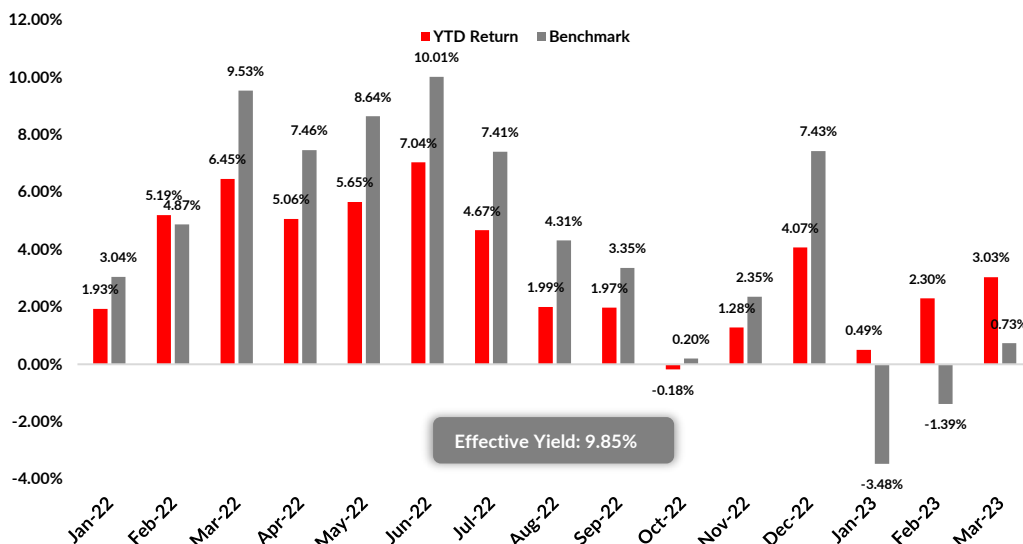
Risk Management

- 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 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
2023	0.49%	1.80%	0.72%										3.03%
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	₦340 Million
Offer price	₦1.3876
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

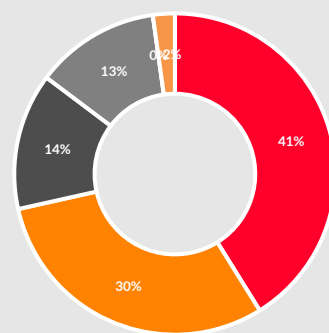
FUND FEES

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



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

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

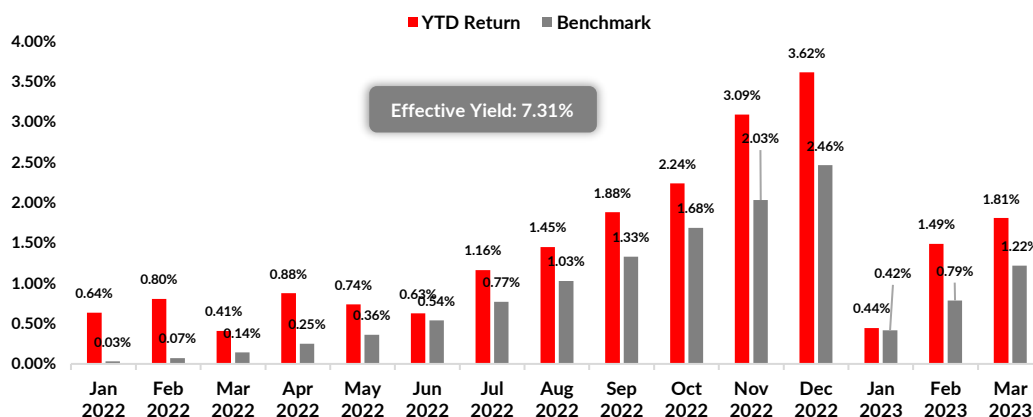
Risk Management

- 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	0.44%	1.04%	0.31%										1.81%
2022	0.64%	0.17%	-0.39%	0.47%	-0.14%	-0.11%	0.53%	0.28%	0.42%	0.36%	0.84%	0.51%	3.62%
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	\$1.53 Million
Offer price	\$ 1.1844
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$10,000
Minimum additional transaction size	\$5,000

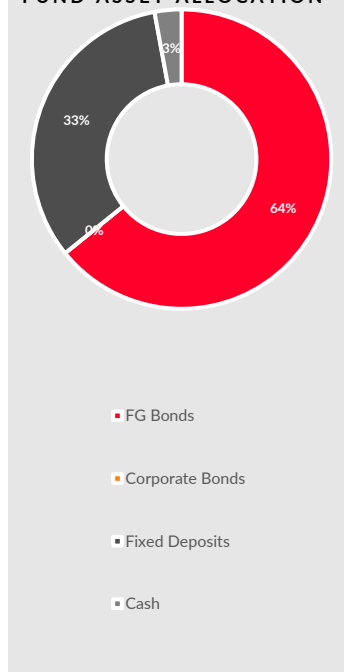
FUND FEES

Management	1.0% p.a.
Others	1.50%

FUND CHARGES

Exit charge	None
Early redemption charge	1.5% of income earned

FUND ASSET ALLOCATION



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