

CORONATION

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Mutual Funds Factsheet

November 2023

Macroeconomic and Market Review

November 2023

Overview

The month of November was marked by rising 1-year Naira T-bill rates that are having significant effects across fixed income markets. In general, fixed income yields headed higher as the Central Bank of Nigeria chose to allocate bills at high rates at its auctions in November. The intention appears to create market interest rates that have a positive effect on price stability, even if there is no explicit policy statement to say so. Inflation continues to rise, with October inflation at 27.33% year-on-year (September: 26.72% y/y; August 25.80% y/y), and it appears that the authorities are addressing the issue with rates.

A notable irony here is that US government bond rates began to trend down in November, following a slew of positive inflation reports. Risk-free rates for US dollar bonds appear to have reached a ceiling and the bond markets are looking forward to cuts in the policy rate next year.

Rising Naira interest rates did not discourage Nigerian equity investors whose purchases propelled the NGX Exchange All-Share Index higher. The first 11 months of the year have been excellent for equity investors and now T-bill rates are moving upwards.

Fixed Income

Fixed income rates changed direction in November as the Central Bank of Nigeria sought to reduce naira liquidity. Its OMO auction early in the month and subsequent T-bill auctions had the effect of pushing market rates upwards towards 20.0% pa.

Stop rates increased at all the T-bill and bond auctions during the month, despite significant demand. At the last auction for T-Bills in November, the stop rate on the one-year bill reached 16.75% (effective yield of 20.11%). Stop rates on bonds also increased, with the Jun-53 bond stop rate rising by 140 basis points to settle at 18.00%.

Rising short term rates prompted holders of long-dated bonds to sell and re-invest in short-term securities. The result, paradoxically, was a fall in rates for some T-bill duration. In the primary market for T-bills, average yields declined by 72 basis points to 10.21% pa. due to buying pressure especially at the short-end of the curve where average yields declined by 122 basis points to 6.01%. At the mid and long end of the curve, average yields declined by 15 and 67 basis points to 8.86% and 12.83%.

In contrast, average yields in the secondary market for FGN bonds rose 40 basis points to settle at 15.72% pa. The mid and long end of the curve gained 65 and 70 basis points to settle at 16.10% and 17.01%, respectively, while the yield at the short-end of the curve declined by 34 basis points to 13.51% due to renewed interest in short-dated bonds.

The CBN's MPC meeting which could have given clear guidance on interest rate policy was not held as scheduled, but we infer from the stop rates at recent auctions that rates will remain elevated for the rest of the year, which in our opinion is the CBN's strategy for maintaining price stability and reining in inflation.

Equities

The Nigerian equities market continued its bullish run in November, crossing the 70,000 mark for the first time in history. On a month-on-month basis, the NGX ASI gained 3.08% to close at 71,365.25, bringing the year-to-date return to 39.25%.

During the month, gains in Airtel Africa (+16.88%), Seplat Energy (+21.27%) and First Bank Holdings (+23.18%) were sufficient to off-set losses in MTN Nigeria (-3.25%) Dangote Sugar (-7.94%) and Stanbic IBTC (-17.27%), keeping the market in the green.

On the performance of sub-indices for the month, the NGX Insurance index topped the gainers table adding 8.74%, followed by the NGX Banking index which gained 4.42%; the NGX 30 index and the NGX Pension index added 3.08% each, while the NGX Consumer Goods and the NGX Industrial Goods indices closed in the red with a 0.63% and 1.93% decline, respectively.

Despite rising yields in the fixed income market, sentiment in the equities market is still positive. The equity market has not only made superior returns over the Naira fixed income market this year, but the magnitude of its return has beaten inflation by a wide margin.

Oil

Brent closed the month of November at US\$82.83 per barrel, a 5.24% decline. Year-to-date it has traded at average of US\$82.62 per barrel, 16.64% lower than the average price of US\$99.09 in 2022.

There was a brief rally during the month in anticipation of further production cuts to be announced at the OPEC+ meeting: however, there was disagreement over production quotas which led to a rescheduling of the meeting. It was held on the last day of the month.

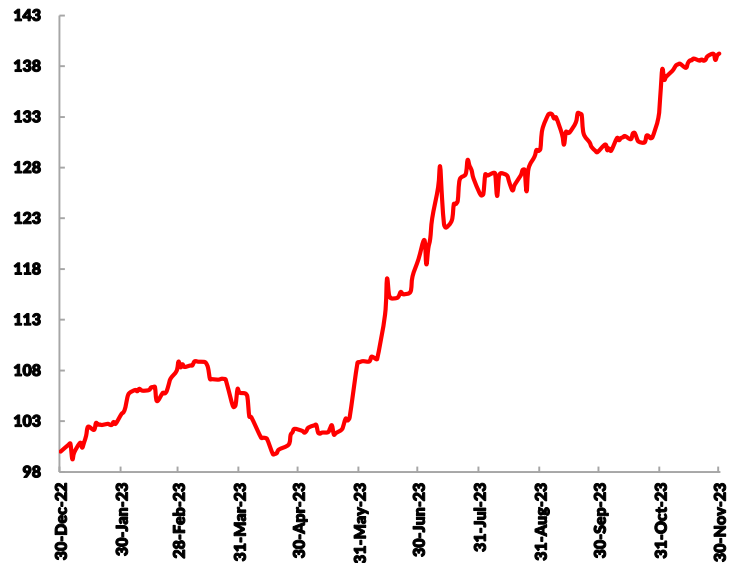
At the meeting, OPEC+ declared voluntary production cuts of around 900,000 barrels per day to commence in January 2024. Additionally, Saudi Arabia opted to continue its voluntary production cut of 1 million barrels per day into 2024. Each member country independently disclosed its quotas for 2024: however, some countries, including Nigeria and Angola, rejected the production targets expressing their plans to produce more.

Currency

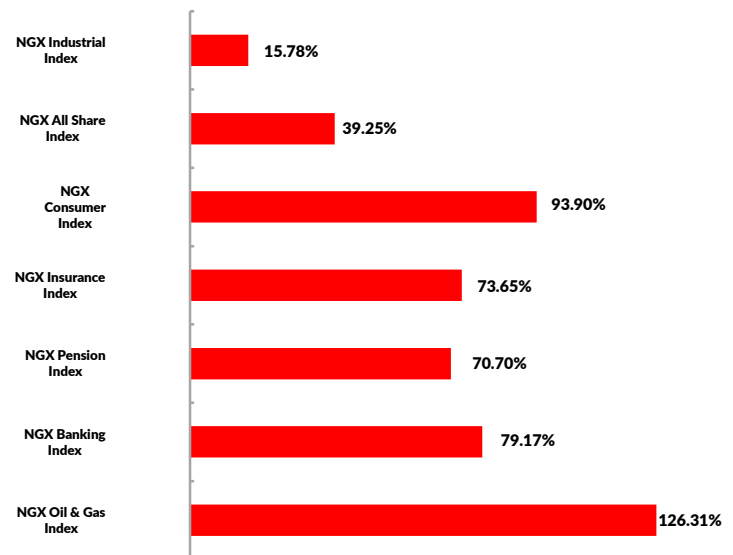
The Naira at the NAFEM window closed the month with a decline against the US dollar of 2.04% to settle at N832.32/US\$1. This brought the year-to-date depreciation of the Naira against the US dollar to 44.55%. Conversely, in the parallel market, the Naira gained 8.15% to close at N1,165/US\$1. Consequently, the gap between the NAFEM and the parallel market at the close of the month narrowed to 39.97%. The gross foreign reserves of the CBN declined by 1.17% month-on-month to settle at US\$33.04bn. We attribute the decline in reserves to the CBN's effort to intervene in the FX markets and manage the value of the Naira.

Initiatives are underway to raise significant public sector US dollar loans in order to pay down the backlog of US dollar demand, with the aim of bringing NAFEM and parallel market rates in line. Given the complexity and size of this task, in our view, this might take some time.

NGX ASI, rebased 31 Dec 2022=100



NGX sub-indices returns, 2023 YTD – 30 November 2023



Source: NGX, Bloomberg, Coronation Research

Global economic outlook

November was remarkable for the fall in inflation indices reported in many markets. Across the 38 members of the OECD group of developed countries inflation fell from 6.2% year-on-year in September to 5.6% in October. And in the Eurozone inflation fell from 2.9% year-on-year in October to 2.4% in November.

After a two-year period of interest rate tightening by central banks in developed markets, the way seems open for interest rate cuts by policy makers in 2024. This is already being anticipated by bond markets with yields of the US government bonds trending down during November. Investors have found that bonds are capable of preserving capital, if US inflation returns to a target level of 2.0% per annum.

This is a significant turnaround in developed market bonds after a two-year period of rising yields.

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.

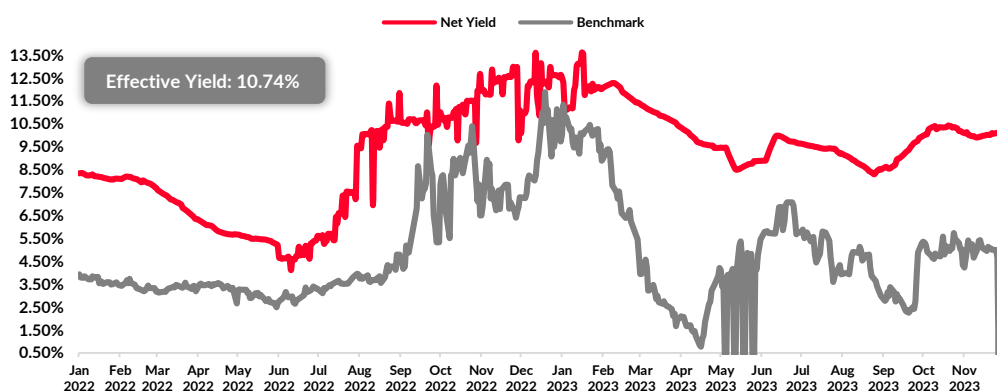
Risk Management

- 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
2023	12.08%	11.40%	10.36%	9.45%	8.88%	9.64%	9.21%	8.53%	9.94%	10.11%	10.15%	
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	₦5.2 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

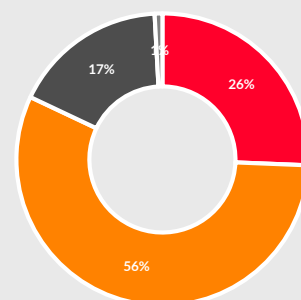
FUND FEES

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

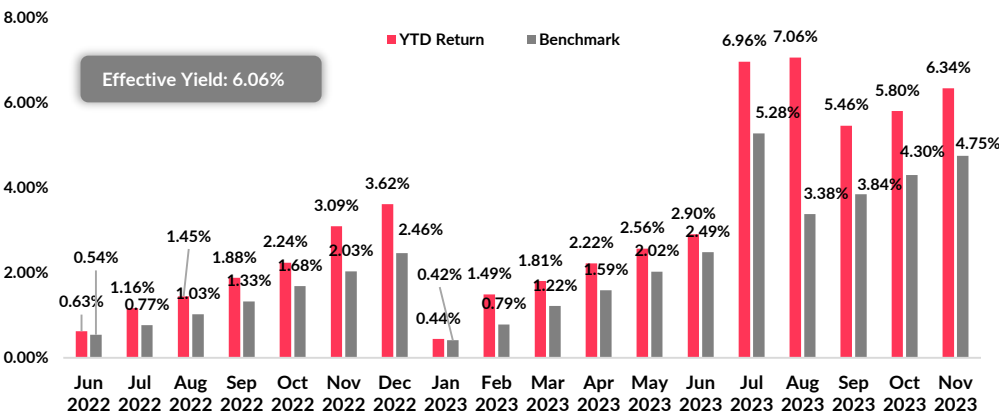
We prioritize risk management as a fundamental pillar of our investment process. To mitigate risk exposure, the Fund focuses on investing in high-quality issuers to reduce credit risk and employs strategies to limit interest rate risk through controlled durations.

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
2023	0.44%	1.49%	1.81%	2.22%	2.56%	2.90%	**6.96%	7.06%	5.46%	5.80%	6.34%	

HISTORICAL YTD RETURN VS. BENCHMARK



****The conversion of the fixed income dollar fund into a money market dollar fund has resulted in a shift away from fixed pricing. As a result, there is a variation in yields between the months of June and July, reflecting the dynamic nature of the fund's new approach.**

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	\$1.93 Million
Offer price	\$ 1.00
Income distribution	Annually
Minimum holding period	6 months
Minimum initial transaction size	\$1,000
Minimum additional transaction size	\$500

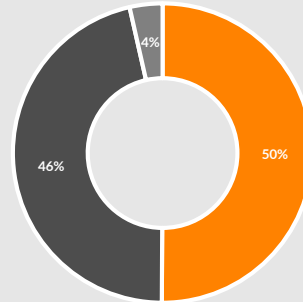
FUND FEES

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



- FG Bonds
- Corporate Bonds
- Fixed Deposits
- Cash

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.

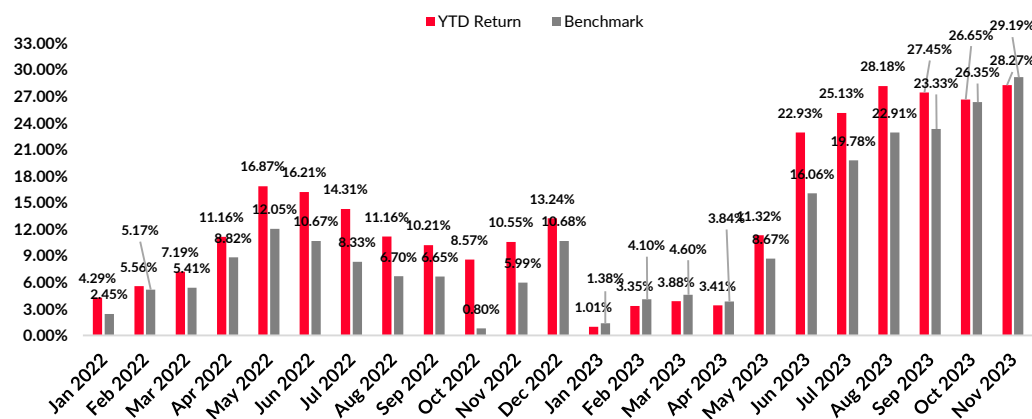
Risk Management

- 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	1.01%	2.32%	0.51%	-0.45%	7.65%	10.44%	1.79%	2.43%	-0.57%	-0.63%	1.28%		28.27%
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	₦164 Million
Offer price	₦1.4625
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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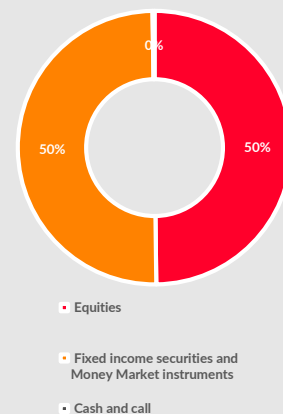
FUND CHARGES

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

FUND CHARACTERISTICS

Equities Holding by Sector	
Financials	17.37%
Industrials	10.17%
Consumers	8.91%
Agriculture	1.52%
Oil and Gas	4.25%
Telecommunications	7.59%
Total	49.80%

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.

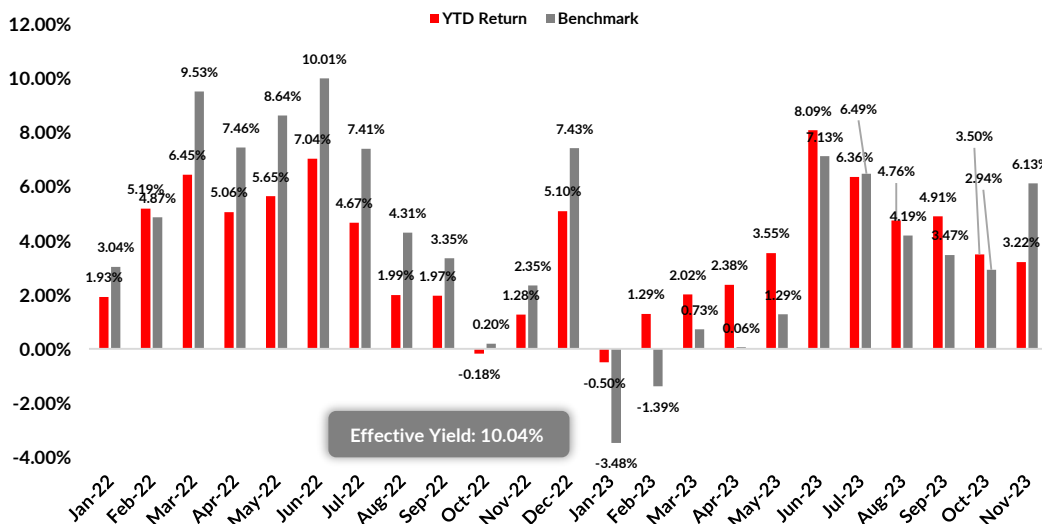
Risk Management

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- 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%	0.35%	1.14%	4.38%	-1.60%	-1.51%	0.15%	-1.35%	-0.27%		3.22%
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	₦317 Million
Offer price	₦1.3665
Income distribution	Semi-annually
Minimum holding period	3 months
Minimum initial transaction size	₦10,000
Minimum additional transaction size	₦5,000

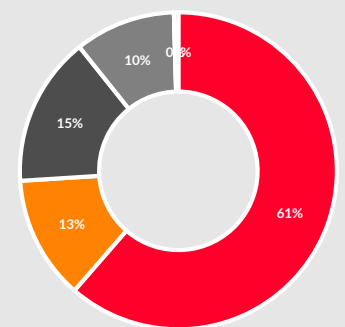
FUND FEES

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

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