

Fast-forward your life goals

Fast-forward your life goals with an Active Professional Investment Partner

Paying off a student loan, travelling the globe, emigrating, making a down payment on an off-plan home, or generating the capital to start your own business doesn't have to take a lifetime.

"While there are a lot of products out there with the potential to achieve your dreams relatively quickly, most carry quite a bit of risk" says 'Jibola Odedina, CEO of Coronation Securities.



Cryptocurrency, trading foreign currencies and tech-sounding technology start-ups all promise quick and exciting routes to wealth. Indeed, most of these alternative investment vehicles have a lot more appeal to high-octane, high-risk trading investment junkies. Most new alternative investments also create the impression that they can be independently accessed, researched and managed online by private individuals, without the complication, bother or fees of having to deal with investment professionals.

While alternative investment success stories abound, the truth is, as with all investments, that *"only those who know what they are doing or those who find the right advice succeed,"* says **Jibola**.

In a nutshell, the trick to investing successfully is to *"purchase value stocks overseen by an active professional investment partner able to manage risk while beating inflation or currency devaluation,"* says **Jibola**.

While this sounds simple enough there are four moving parts in the successful investment equation, namely; value, risk, inflation and devaluation, and you require a vigilant and experienced investment manager able to:



Identify Value Stocks

Value stocks have attained considerable maturity in their business life cycle. They are stable, less risky and deliver moderate but steady revenue growth, show profits and always pay dividends. These attributes are often referred to as the 'fundamentals' of a company's stock valuation. Companies' stocks trading below what they are worth relative to their fundamentals are said to be 'value stocks'. Good active investors are able to identify when value stocks are 'mispriced' compared to their potential worth, and will add them to their investment portfolio in the expectation that the market will imminently 'right-value' the stocks, producing a favourable return.

Examples of value stocks include MTN Nigeria, which is trading lower than emerging market peers due to Nigeria-specific issues (e.g. FX illiquidity). Similarly, banking stocks like Guaranty Trust HoldCo and Zenith Bank have been trading at significant discounts to their book values despite continuously paying out dividends to shareholders and growing profits. Value investors generally acquire shares like these because they know that their fundamentals are sound and their value will increase as the market recognises these fundamentals.



Understand Intrinsic and Explicit value

The intrinsic value of a stock is its true value. Intrinsic value is a philosophical concept wherein the worth of stock is derived independently of other extraneous factors. Intrinsic value refers to what a stock (or any asset, for that matter) is actually worth - even if some investors think it's worth a lot more or less.

Financial analysts build models to estimate what they consider to be the intrinsic value of a company's stock outside of what its perceived market price may be on any given day. Understanding intrinsic value is important as, "the discrepancy between market price and an analyst's estimated intrinsic value becomes a measure of investing opportunity" explains **Jibola**

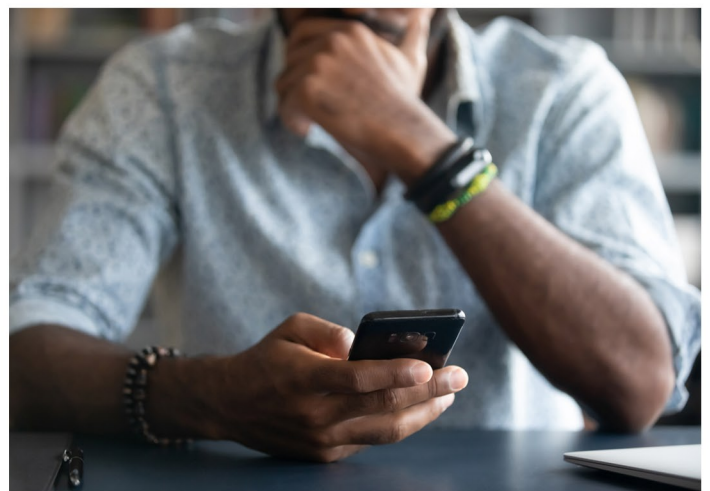
Explicit value, commonly known as book value, on the other hand, is a company's total assets minus its total liabilities. In theory, it is the amount a shareholder would be entitled to receive if the company was liquidated.

Active investors take a hands-on approach.

The goal of active investors is to beat the stock market's average returns by taking full advantage of short-term price fluctuations. Being an active investor involves much deeper analysis. It also requires the expertise to know when to pivot into or out of a particular stock. Successful active investment management requires being right more often than wrong.

Historically, active strategies have tended to benefit investors more in certain investing climates. When the market is volatile, or the economy is weakening, for example, active managers generally outperform more often than when it is not. Also, since it's almost impossible to get stock selection 100% correct at the outset, it is vital to actively manage equity portfolios throughout the year.

*"An active investment approach able to identify value stocks based on intrinsic value presents the safest route for teeming Nigerians to leverage their income to fast-forward their life goals," says **Jibola**.*



Today, you don't need to gamble on exciting-sounding alternative investments that you don't understand, or be an investment guru or a financial genius to achieve your financial goals early. All you need to do is partner with the right active manager to achieve your dreams.

About us

Coronation Securities is committed to value investing, meaning that we believe the asset prices of the stocks we recommend will reflect their true value over time. Through diligent research and applying qualitative skills based on experience and quantitative investment tools, Coronation identifies underlying assets and securities that will outperform over time.

CoronationResearch™ uses a combination of top-down and bottom-up approaches, beginning with evaluating trends in global financial markets and assessing their implications on regional and domestic markets. Our core approach is not to make binary calls on whatever the market is doing today, but to buy value when we see it and to avoid trouble, or steep market declines, as much as possible.

Coronation also applies a high-conviction approach combined with a total return strategy. This means we select a group of stocks with superior rates of return which when compounded through dividend reinvesting stand to beat inflation over the long term.

Coronation publishes a Model Equity Portfolio comprising actively managed theoretical stocks listed on the Nigerian bourse - NGX whose composition reflects our views on the market. Over 2020 and 2021, the Model Equity Portfolio returned 71.5% compared with a 59.14% return for the NGX All Share Index (ASI).

For more information, call our customer care on +234 806 165 6510

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