



CORAL INCOME FUND Q1 2023 Fund Managers Report

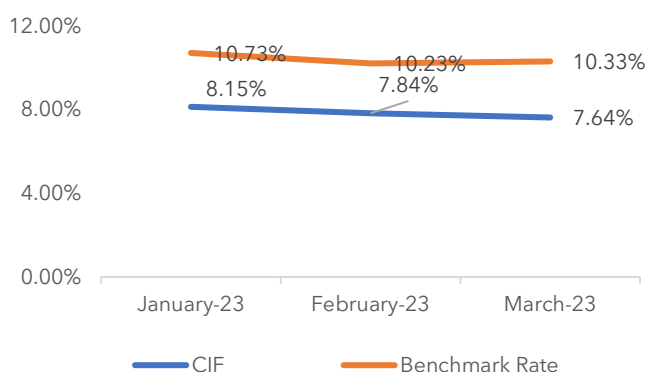
BACKGROUND INFORMATION

The Coral Income Fund ("CIF") was established in May 2006 as an open-ended income based collective investment scheme. The Fund invests a minimum of 70% and a maximum of 100% of its assets in investment grade fixed income investments.

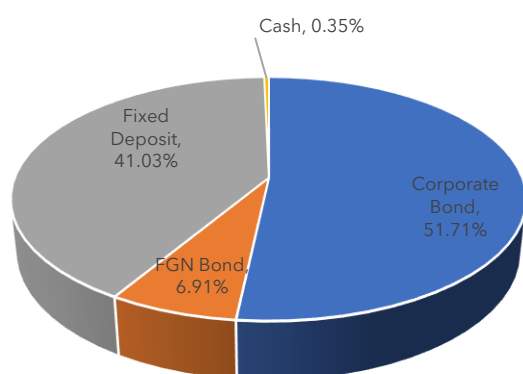
INVESTMENT OBJECTIVE

The objective of the CIF is to enable investors to earn income, while preserving their capital over the medium term. In particular, the CIF is designed to enable investors to satisfy a broad variety of financial needs as it can be used as a private investment plan towards children's educational, housing plan, retirement plan etc.

Fund Performance vs. benchmark



ASSET ALLOCATION (% OF TOTAL ASSETS)



UPDATE ON THE CIF

You can now monitor your investment online by viewing your statement on our website www.fsdhaml.com.

REVIEW OF THE FUND

Inception date:	May 2006
Net Asset Value:	N3.38bn
Base Currency	Naira
Management Fee	1.50%
Minimum Investment	N5,000.00
Opening Price	3,782.08
Closing Price	3,711,24

Investment Managers Rating:	BBB+ Long Term / A2 Short Term (GCR)
Current Asset Allocation:	58.61% in Bond%, 41.03% in Fixed deposit and Cash 0.35%
Benchmark:	(70% of 3Y Federal Government of Nigeria Bond Yield and 30% of 12M Nigerian Inter-bank Treasury Bill's True Yield)

Risk Profile:	Medium
Fund Custodian:	Stanbic IBTC
Fund Trustee:	UTL Trust Management Service
Auditors:	KPMG Towers

Fund Manager's Comment

The CIF's return for Q1 2023 rose to 7.64% from 7.02% it printed in Q4 2022. The Fund delivered 73.96% of the benchmark rate (10.33%) despite the intense challenging macro-economic environment associated with electioneering uncertainty. Against the backdrop of accelerating inflationary figure, the Monetary Policy Committee further took a hawkish stance in the quarter under review, delivering another round of 150bps hike to the benchmark rate (to 18.00%), while the cash reserve ratio was unchanged at 32.50%. The inability of the committee's decision to absorb the excess financial system liquidity led to the sticky local bond yield and money market rate. Hence, we increased our exposure to fixed deposit (FD) and went short to easily reprice should rate surprises upward.

Strategy

We expect the gap between the money market rate and benchmark rate to further widen as liquidity boost in the financial system suppresses rate on fixed deposits and short-term government securities. Hence, we expect money market rate to turn southward in Q2 2023. Also, given the disparity between the policy rate and other market rates, we expect a bit of volatility in the FGN bond space – hence, creating trading opportunity. On the one hand, we will cautiously explore trading opportunity at the mid-end of the FGN Bonds if rate surprises upward. On the other hand, we will be on the lookout for opportunity to exit some of our positions in longer-dated instruments when rate crashes below our purchase yield. Meanwhile, we will play more in the money market space and go long to lock-in good rates.

Increasing your investment in the Coral Income Fund just got easier!

- From the comfort of your space, you can increase your investment in the CIF with as little as N5,000 through any of the following:
- Automatic transfer sums from any Nigerian bank to the funds custodian by issuing a direct debit instruction. You simply fill and execute the form; we will process it on your behalf.
- Transfer the investment sum to the funds' custodian
- Issue a cheque/ bank draft in favor of "Coral Income Fund"

You can also reach out to us via email at coralfunds@fsdhgroup.com. Follow us on twitter and Instagram via @Fsdhcoralfunds and like our Facebook page; FSDH Coral Funds www.facebook.com/coralfunds