CORONATION BALANCED PLUS FUND

Fund Information as at 29 February 2020

CORONATION

TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

Balanced Plus aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pension Funds Act) over the long term.

WHAT DOES THE FUND INVEST IN?

Balanced Plus can invest in a wide variety of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally.

The fund complies with Regulation 28, which limits the exposure of retirement investors to certain asset classes. For example, shares may never comprise more than 75% of the fund's portfolio, while exposure to property is limited to 25% and foreign assets (excluding Africa) is limited to 30% each.

The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

6/10

Moderate

Maximum growth/
minimum income exposures

Growth Assets: 85%

Income Assets: 15%

As Balanced Plus aims to maximise long-term returns, it will typically have a strong bias towards shares, which offer the highest expected growth over the long run. The fund's managers actively seek out attractively valued shares that may achieve strong returns over periods of five years and longer.

While shares usually offer the best investment return, this comes with the greatest risk of short-term losses. The fund's investment in shares is therefore carefully balanced with other assets (including cash, bonds and property) to ensure that risk is moderated. Returns from these assets are not as volatile as shares, and will not always move in the same direction (up or down) at the same time, making the fund less risky than a pure equity fund.

Given the care taken to manage risk and to ensure that the best possible returns can be achieved from a range of diverse investments, it is unlikely that the Balanced Plus fund will lose money over the longer term. However, the fund may produce negative returns in extreme years, albeit at a lower level than a fund that is only invested in shares.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is five years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are saving for retirement, and:

- can stay invested for at least five years (preferably longer);
- have to choose a fund for their retirement annuity, provident fund, preservation fund or pension fund, and are looking for an investment that balances long-term growth with moderate levels of risk.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% (excl. VAT) is payable.

Fund expenses that are incurred in the fund include fees payable to unconnected international fund managers on a portion of assets situated offshore as well as trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs. We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com

WHO ARE THE FUND MANAGERS?

KARL LEINBERGER

BBusSci, CA (SA), CFA

SARAH-JANE ALEXANDER

BBusSc, CFA

ADRIAN ZETLER

BCom (Hons), CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	15 April 1996
Fund Class	A
Benchmark	Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international
Fund Category	South African – Multi-asset – High Equity
Regulation 28	Complies
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORBALN
ISIN Code	ZAE000019808
JSE Code	CORB

CORONATION BALANCED PLUS FUND

CORONATION
TRUST IS EARNED™

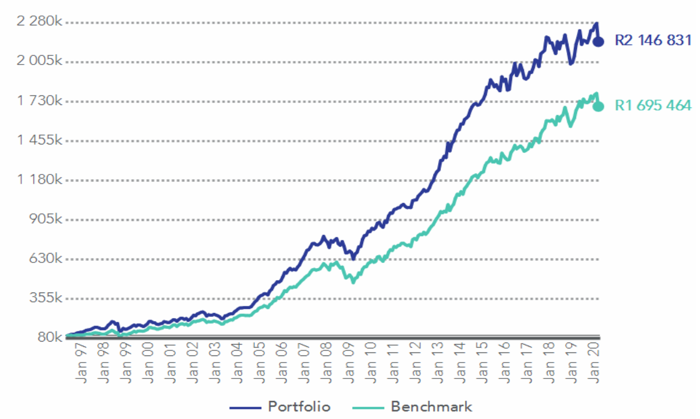
CLASS A as at 29 February 2020

Fund category	South African - Multi Asset - High Equity
Launch date	15 April 1996
Fund size	R81.98 billion
NAV	10133.93 cents
Benchmark/Performance Fee Hurdle	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Portfolio manager/s	Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler

	1 Year	3 Year
Total Expense Ratio	1.64%	1.61%
Fund management fee	1.25%	1.24%
Fund expenses	0.20%	0.19%
VAT	0.19%	0.18%
Transaction costs (inc. VAT)	0.13%	0.14%
Total Investment Charge	1.77%	1.75%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Peer Group Average
Since Launch (unannualised)	2046.8%	1595.5%	1388.0%
Since Launch (annualised)	13.7%	12.6%	12.0%
Latest 20 years (annualised)	12.9%	12.9%	12.2%
Latest 15 years (annualised)	12.0%	12.0%	10.3%
Latest 10 years (annualised)	9.7%	10.7%	8.4%
Latest 5 years (annualised)	3.2%	5.4%	3.3%
Latest 3 years (annualised)	3.6%	6.2%	3.5%
Latest 1 year	0.9%	1.6%	0.9%
Year to date	(4.9)%	(4.6)%	(3.9)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.0%	12.0%
Sharpe Ratio	0.32	0.25
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	66.8%	64.7%

	Fund	Date Range
Highest annual return	49.3%	Aug 2004 - Jul 2005
Lowest annual return	(17.4%)	Sep 1997 - Aug 1998

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	29 Feb 2020
Domestic Assets	**71.4%**
Equities	**40.6%**
Basic Materials	8.1%
Industrials	0.6%
Consumer Goods	4.9%
Health Care	2.0%
Consumer Services	11.6%
Telecommunications	0.7%
Financials	7.9%
Technology	2.8%
Derivatives	1.9%
Unlisted	0.0%
Real Estate	**5.7%**
Bonds	**19.0%**
Commodities	**3.2%**
Cash	**3.0%**
Other (Currency Futures)	**0.0%**
International Assets	**28.6%**
Equities	**22.4%**
Real Estate	**0.4%**
Bonds	**0.4%**
Commodities	**0.1%**
Cash	**5.3%**

TOP 10 HOLDINGS

As at 31 Dec 2019	% of Fund
Naspers Ltd	4.9%
British American Tobacco Plc	4.0%
Egerton Capital Equity Fund	3.7%
Anglo American Plc	2.8%
Contrarius Global Equity Fund	2.8%
Maverick Capital	2.7%
Fortress Income Fund Ltd A	2.5%
Prosus Nv	2.4%
Lansdowne Capital	2.3%
RMB Holdings	2.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	160.11	56.66	103.45
29 Mar 2019	01 Apr 2019	148.46	53.71	94.75
28 Sep 2018	01 Oct 2018	165.21	70.11	95.10
29 Mar 2018	03 Apr 2018	113.93	36.36	77.57

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	0.7%	(5.6)%											**(4.9)%**
Fund 2019	2.2%	4.0%	2.0%	2.4%	(4.4)%	1.4%	(0.2)%	(0.7)%	1.6%	2.4%	(0.1)%	1.5%	**12.8%**
Fund 2018	0.0%	(1.8)%	(1.7)%	4.0%	(2.4)%	2.2%	(0.2)%	2.6%	(3.0)%	(2.9)%	(3.6)%	0.5%	**(6.3)%**

Issue date: 2020/03/10

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

Please note that the commentary is for the retail class of the fund.

2019 was a positive year, with the fund returning 12.8%, outperforming the benchmark return of 11.9%. For the fourth quarter of 2019 (Q4-19), the fund returned 3.9%, ahead of the benchmark return of 2.8%. The major building blocks of the fund (global and domestic equity as well as domestic bonds) performed strongly, with alpha in all of them further lifting returns. The fund has performed well against its peer group over meaningful time periods.

After a very weak fourth quarter of 2018, global equity markets rose strongly in 2019 in response to looser monetary policy in the US and Europe and trade war fears receding. The MSCI All Country World index returned an incredibly strong 26.6% in US dollars for the year and 9% in Q4-19. Eyes remain on US President Donald Trump as he stands for re-election in 2020 and the reverberating effect his policy will have on Chinese-American tensions. Elections in the United Kingdom saw a stronger-than-anticipated majority for the Conservative Party under Boris Johnson and moved the country closer to a withdrawal from the EU in January 2020. Emerging markets also performed strongly, up 18.4% for the year in US dollars and 11.8% in Q4-19. Notable performances included Russia (+53%), Brazil (+26%) and China (+24%). The fund's exposure to emerging market equities benefited from strong market performance as well as some excellent stock picking.

The Barclays Global Aggregate Bond Index was up 6.8% in US dollars for the year and 0.5% for Q4-19. We remain cautious on global bonds given the very low yields at which they currently trade, high levels of government indebtedness and the risk of rising inflation. In South Africa, the All Bond Index returned 1.7% for the quarter, bringing annual performance to 10.3%. This compares favourably to other domestic asset classes.

South African investor confidence remains weak, as impatience has set in with the slow pace of much needed reform. State-owned enterprises (SOEs) are fragile, with South African Airways entering business rescue in Q4-19 and Passenger Rail Agency of South Africa placed under administration. The rebuilding of critical institutions is underway, with strengthened teams in place at the South African Revenue Service (SARS) and the National Prosecuting Authority, and, most recently, the appointment of a new CEO at Eskom.

The plight of Eskom remains concerning, as years of poor maintenance have resulted in an unstable power utility. Unplanned outages are very disruptive given the lack of spare capacity and pose a major threat to economic growth prospects. The severe load shedding experienced in December is expected to have taken a toll on retailers' fourth quarter earnings. Growth continued to disappoint, with a contraction in both the first and third quarters of 2019. Low domestic growth and low inflation (3.7% CPI for 2019) should lead to rate cuts. However, the South African Reserve Bank has been reluctant to cut rates, believing that dovish monetary policy will have a limited impact given the high structural impediments to growth. As a result, real yields of South African bonds are at very attractive levels and local bonds therefore have a meaningful role to play in the portfolio. We are more cautious on domestic property, where we expect companies to struggle to show distribution growth over the medium term as rentals that have benefited from high escalations for many years come up for renewal and are rebased to market.

The JSE All Share Index (ALSI) returned 12% for the year and 4.6% for Q4-19. While this was a better year for South African equities, longer term returns for domestic growth asset classes remain low (ALSI 6% p.a. and JSE Listed Property 1.2% p.a. over a 5-year period). The JSE's returns were boosted by the local resource sector, which performed strongly, overcoming fluctuating sentiment on global growth to finish the year up 28.5%. Industrials and financials were considerably weaker, delivering 8.9% and 0.6% respectively, with the higher domestic exposure of the financial sector weighing on performance. We continue to see value in South African listed equities.

Within the index, it was pleasing to see names that had detracted from performance in 2018 contribute strongly in 2019. Most notable among these were the platinum group metals (PGMs), with the fund's holdings in Northam (+186% for the year and 49% for Q4-19) and Impala (+291% for the year and +51% for Q4-19) up particularly strongly. Other notable performers for the year include our global holdings with Quilter (+38%), British American Tobacco (+36%), Naspers (+22%) and ABI (23%) also doing well. The fund's underweight position in domestic businesses contributed positively, as the challenges of a lacklustre consumer environment and persistent structural cost inflation eroded earnings.

While our equity and balanced portfolios remain significantly exposed to offshore stocks, we have added to selected domestic holdings where we see value. Any near-term recovery in domestic stocks is likely to reflect a shift in sentiment rather than a dramatic improvement in earnings.

On the resources front, our large exposure to the PGM sector contributed meaningfully to fund performance for both the quarter and the full year. Platinum-group companies benefited from rising prices given growing demand (as emissions regulation requires higher vehicle PGM loadings) and a limited supply response. While we have cut our holdings into price strength, we still have meaningful exposure. The years of underinvestment in PGM mines mean supply is unable to respond timeously. Significant capex with long lead times is required to change this. Northam's strength also reflected an easing of investor concerns on the overhang of the BEE deal funding, which becomes less dilutive at a higher share price. Another meaningful contribution came from the fund's large position in Anglo American, which benefited from its ownership of Amplats (+149%) and Kumba Iron Ore (+65%). Both assets benefited from commodity price strength (PGMS and iron ore) due to tight markets with an inability for supply response in the short term. We anticipate that the PGM deficit will be more enduring.

Sasol suffered a tumultuous year, collapsing on the back of further cost overruns relating to the Lake Charles Chemicals Project and a delay in its financial results. The board used this time to conduct a thorough review of internal controls and governance structures. Our underweight position during the year contributed to performance and we took the opportunity to add to the position at a time when investors had lost faith in the company. The previous joint-CEOs have now left the business and a new internal appointment has been made. Additionally, the ethane cracker achieved its optimal run rate by year end. The share has rebounded c20% off its recent lows. Risks in the company remain high and we continue to manage the position size carefully.

Within the financial sector, Quilter (+38%) performed strongly in its second year of listing as the market bought into management's vision of building a focused, integrated UK wealth manager. The reduced uncertainty in the UK political backdrop also helped.

Naspers (+22%) had a busy year with the unbundling of Multichoice; the establishment of Prosus - an Amsterdam-listed entity that houses its international assets; unbundling of a portion of Prosus (26%) to shareholders; and a bid for JustEat, a multinational food delivery player. Unfortunately, the restructuring had little impact on the discount at which Naspers (and now Prosus) trade to their underlying holdings. Given the capital allocation track record of management, we think the market is taking an overly pessimistic view on the discount. Due to the attractiveness of the underlying assets and the holding company discount, Naspers and Prosus constitute a significant holding in the fund.

Their major asset, Tencent, is growing rapidly in online payments and financial services, a market segment many times larger than the gaming market they currently dominate. While strong incumbents and the regulated nature of financial markets do increase the risk profile, financial services has the potential to be a very large and profitable business.

British American Tobacco, a share which detracted from performance in 2018, was up strongly (+36%) during 2019. It continued to deliver on its strategy; growing revenues (despite falling volumes in traditional combustible tobacco), widening margins (helped by cost reduction) and strong cash conversion. This, despite a changing regulatory environment. US regulators are becoming increasingly concerned on youth recruitment and potential harm of alternative tobacco delivery methods like vaping. The magnitude of the threat posed by this category to its traditional business now looks reduced.

Whilst it was pleasing to see market recognition of the value inherent in some of the fund's larger positions during 2019, we continue to see attractive opportunities for disciplined, long-term investors that should generate inflation-beating returns over time.

Portfolio managers
Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
as at 31 December 2019

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION BALANCED PLUS FUND

The Balanced Plus Fund should be considered a medium- to long-term investment. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. The fund is mandated to invest up to 30% (including a maximum exposure of 5% to Africa, excluding South Africa) of its portfolio into foreign securities and may as a result be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Asset allocation and top 10 holdings are reflected on a look-through basis. Any African exposure (ex SA) is reflected under international assets. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Asset Management (Pty) (FSP 548) Ltd, an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage. The peer group average is calculated as the average return of all the funds in the respective ASISA category (excluding Coronation Funds in that category).

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of September 2019 (updated annually). The 3 year TER is for a rolling 36-month period to the last quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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