CORONATION BALANCED PLUS FUND

Fund Information as at 31 December 2021

CORONATION
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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

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

** Benchmark change. Please refer to page 4 for more details.*

CORONATION BALANCED PLUS FUND

CORONATION
TRUST IS EARNED™

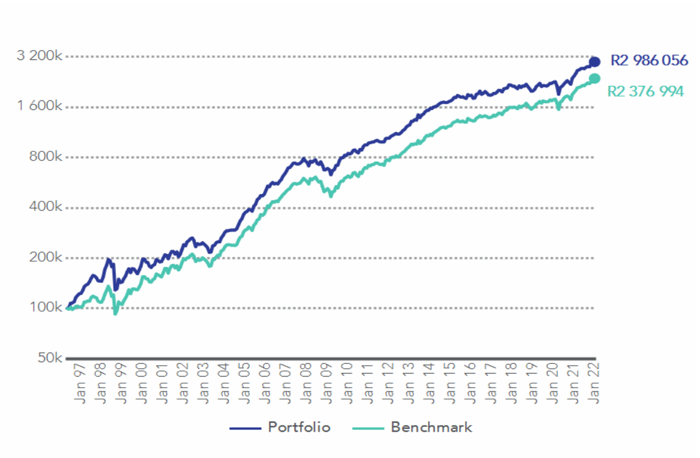
CLASS A as at 31 December 2021

Fund category	South African - Multi Asset - High Equity
Launch date	15 April 1996
Fund size	R102.88 billion
NAV	13294.24 cents
Benchmark/Performance Fee Hurdle	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)*
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

	1 Year	3 Year
Total Expense Ratio	1.63%	1.64%
Fund management fee	1.24%	1.24%
Fund expenses	0.20%	0.22%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.21%	0.18%
Total Investment Charge	1.84%	1.82%

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)	2886.1%	2277.0%	1814.6%
Since Launch (annualised)	14.1%	13.1%	12.2%
Latest 20 years (annualised)	13.4%	13.2%	11.8%
Latest 15 years (annualised)	10.5%	10.9%	8.3%
Latest 10 years (annualised)	11.1%	12.0%	9.2%
Latest 5 years (annualised)	9.5%	11.2%	8.0%
Latest 3 years (annualised)	14.3%	14.4%	11.5%
Latest 1 year	21.5%	21.0%	20.4%
Year to date	21.5%	21.0%	20.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.1%	12.1%
Sharpe Ratio	0.38	0.33
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	67.5%	65.6%

	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	31 Dec 2021
Domestic Assets	76.9%
Equities	52.3%
Basic Materials	13.6%
Industrials	1.0%
Consumer Goods	2.9%
Health Care	1.3%
Consumer Services	7.7%
Telecommunications	0.9%
Financials	11.3%
Technology	6.9%
Derivatives	4.8%
Consumer Staples	1.0%
Energy	0.9%
Unlisted	0.0%
Real Estate	3.1%
Bonds	19.4%
Commodities	0.0%
Cash	2.1%
International Assets	23.1%
Equities	19.4%
Real Estate	0.4%
Bonds	0.4%
Cash	3.0%

TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
Prosus Nv	6.7%
Anglo American Plc	4.5%
Egerton Capital Equity Fund	3.4%
Anglogold Ashanti Limited	3.2%
FirstRand Limited	3.0%
Glencore Xstrata Plc	2.5%
Lansdowne Capital	2.3%
Goldfields Ltd	2.2%
Contrarius Global Equity Fund	2.2%
Select Equity Group	2.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2021	01 Oct 2021	197.13	85.22	111.91
31 Mar 2021	01 Apr 2021	201.05	112.04	89.01
30 Sep 2020	01 Oct 2020	92.01	39.04	52.96
31 Mar 2020	01 Apr 2020	155.16	56.46	98.70

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	3.7%	4.1%	0.8%	1.7%	0.4%	(0.5)%	2.1%	0.9%	(0.6)%	4.0%	0.3%	2.9%	**21.5%**
Fund 2020	0.7%	(5.6)%	(11.0)%	10.1%	1.5%	2.9%	2.6%	2.4%	(2.3)%	(2.7)%	8.9%	2.9%	**8.9%**
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)%**
Fund 2017	2.0%	(0.1)%	1.9%	2.6%	(0.3)%	(2.0)%	4.6%	0.5%	0.6%	4.5%	(0.3)%	(1.7)%	**12.7%**

Issue date: 2022/01/13

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.

The Fund returned 7.3% for the quarter, resulting in a return of 21.5% over the last year. Performance benefited from strong markets, accretive asset allocation decisions and good alpha in the domestic building blocks. The Fund has performed well against its peer group over all meaningful time periods.

It was another strong year for global markets, as the MSCI All Country World Index ended the year up 19% in USD. Markets shrugged off the rise in infections caused by the Omicron variant to deliver a 7% rise in the fourth quarter (including 4% in December). Having aggressively increased global equity exposure during the Covid-19 collapse, the Fund is currently underweight, given full valuations and the concerns we have over multiple signs of speculative froth in global markets.

Emerging markets performed poorly, with the MSCI Emerging Markets (EM) Index declining -3% in USD over the course of 2021. This was materially impacted by China, where government regulation of the economy has become increasingly intrusive and capricious. While the risks are high, Chinese technology stocks trade at extremely attractive valuations. The Fund is exposed to China through both its global equity allocation and its domestic equity allocation where the Fund holds Naspers/Prosus and commodity stocks.

Expectations for inflation are shifting from transitory to structural. The easing of lockdown restrictions and huge monetary stimulus have created strong demand. Combined with Covid-constrained supply, this has resulted in near-term price pressure. The oil price (Brent crude) rose 71% during the year. Longer-term wage pressures are emerging in developed economies with record-low levels of unemployment. High levels of sovereign indebtedness impair the ability of central banks to respond aggressively to inflation. US CPI rose from below 2% to north of 6% during the year. The high levels of sovereign indebtedness, rising inflation and low yields keep us cautious on developed nation sovereign bonds. For the year, the Bloomberg Barclays Global Aggregate Bond Index declined -5% in US dollars.

The South African (SA) economy is recovering after the deep recession of 2020. The economy is forecast to return to its pre-Covid levels in 2022, a year earlier than previously expected. This better economic performance, combined with improved governance and a commitment to fiscal sustainability, should be sufficient for SA to navigate its fiscal challenges for the next few years. The improved fiscal situation was reflected in the upgrade by Fitch Ratings of SA's credit rating outlook from negative to stable. Longer term, economic growth remains critical to avoid a debt trap. Challenges include unstable power supply, structurally high unemployment, a poor education system, declining productivity, and slow policy reform. High levels of social inequality and unemployment came to the fore in Q3-21 with the outbreak of looting across KwaZulu-Natal. The rand declined -8.5% against the USD for the year (-5.8% for Q4-21).

The JSE All Bond Index delivered a return of 8% for the year (3% for Q4-21). The Fund has meaningful exposure to SA bonds, with the long end of the curve offering attractive yields in both absolute terms, and relative to other emerging markets and alternatives such as cash. We continuously assess the risks and appropriate positioning. The ANC's elective conference in late 2022 will be another critical milestone. Our base case is the re-election of President Cyril Ramaphosa, which would be positive for ongoing fiscal discipline.

Like global markets, local markets ended the year strongly, with the JSE Capped SWIX Index delivering 9% in rands in Q4-21 to end the year up 27%. The Fund's sell-down in global equities earlier in the year funded an overweight exposure to SA equities. This position sits at a decade-high and is a consequence of the breadth of value that we find across resources, global stocks that are locally listed, and domestic shares. There was broad strength, with the resource sector delivering 32% for the year (22% for the quarter), financials 30% (3% for the quarter) and industrials 26% (16% for the quarter) despite the pressure on major constituent Naspers (-18% for the year and -1% for the quarter).

Within the resources sector, holdings in the diversified miners (Glencore +80% for the year and Anglo American +46% for the year) have contributed strongly to performance over the past few years. Strong demand, driven by recovering economies and decarbonisation, along with disciplined capital expenditure have supported tight markets. The diversified miners continue to offer good value with low multiples and solid free cash flow generation. During the year, proceeds from the PGM shares were recycled into gold equities (AngloGold and Goldfields) which offer upside and reasonably priced protection against stretched sovereign balance sheets and the risk of structurally higher inflation. Both have improved their production profiles and geographic diversification. We anticipate a period of increased returns to shareholders under their new leadership teams.

The Fund has meaningful exposure to several global businesses that are listed in SA. These include Naspers (-18% for the year, -1% for the quarter)/Prosus (-18% for the year, +9% for the quarter), British American Tobacco (+16% for the year, +13% for the quarter), Bidcorp (+26% for the year, +2% for the quarter), Quilter (+6% for the year, +9% for the quarter), Textainer (+103% for the year, +8% for the quarter) and Aspen (+81% for the year, -17% for the quarter). Aspen is negotiating a potentially accretive disposal of its API business and a vaccine licensing deal from J&J to supply the African Union. The weaker fourth quarter return from Aspen reflects high expectations at the onset.

The Fund has a considerable holding in Naspers/Prosus that we believe to be materially undervalued. This is because of the low value being attributed directly to Tencent and the discounts which exist at the holding company level. The investment risk has increased, with China's regulatory interventions and the threat to foreign capital. Thus far, regulations affecting technology companies are broadly consistent with what we see elsewhere, covering fintech, Antitrust law, data security, and gig employee labour protection. Tencent is a formidable company that generates good free cash flows, has a very engaged user base and is growing businesses across multiple verticals. None of the restrictions thus far are expected to meaningfully change Tencent's prospects. An investment in Naspers/Prosus offers a cheap entry point to Tencent and provides access to an attractive investment portfolio.

Disappointingly, the Fund sold down its investment in MTN (+184% for the year, +21% for the quarter) too early. Whilst we were believers in the operational turnaround, we were very concerned about the outlook for the Nigerian economy and the regulatory risk within Nigerian Telecoms. Improved stakeholder relations and the likely conclusion of a mobile money licence in Nigeria support future earnings growth and we have re-established a holding in the company.

Domestic companies continued to report results ahead of our expectations throughout 2021 due to more resilient economic activity and stringent cost control. We believe attractive stock picking opportunities exist either from businesses with specific opportunities like Dis-Chem (+71% for the year, +20% for the quarter), RMI (+43% for the year, +21% for the quarter) or Transaction Capital (+83% for the year), or even in more mature industries like banking or food retail where those with strong franchises that have continued to invest should benefit from share gain. Shoprite (+54% for the year, +17% for the quarter) demonstrated this during the fourth quarter by surprising the market with the strength of their sales growth. This is a management team that has invested behind their business, building distribution centre capacity, updating systems and embracing digitisation. Their progress in building out a data-driven business built around the consumer is impressive.

RMI has been restructuring to create a focused property and casualty insurance company. The restructuring initially announced should unlock shareholder value as the unbundling of holdings in MMI and Discovery reduces the conglomerate discount and improves investor focus on the underlying assets (specifically OUTsurance). OUTsurance is a quality business that we expect to deliver double-digit earnings growth while generating high returns. The attractiveness of the restructuring proposal was increased during the quarter when RMI received a generous offer for their stake in Hastings. The resultant cash inflow and associated degearing will enable RMI to avoid the rights issue required to achieve the initial unbundling and improve the dividend flowthrough from the very cash generative OUTsurance business. Despite the share price moves during the quarter, this remains an attractive investment with the core OUTsurance asset trading at a low look-through multiple relative to its high-quality nature and strong growth prospects, particularly in Australia.

The portfolio has moderate property exposure, preferring to use its risk budget in equities and bonds. Whilst the sector performed strongly during 2021 (+37%), it is still negative (-3% p.a.) over three years. Holdings are predominantly in the A shares with some exposure to logistics assets. The medium-term outlook for property remains subdued as a weak economy and a structural shift in demand from increasing digital engagement and work-from-home trends undermines rental tension.

Whilst headwinds exist in both global markets and the domestic economy, we believe that cheap domestic assets are well priced for the risks and should offer attractive returns.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 31 December 2021

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).

HOW ARE THE BENCHMARK RETURNS CALCULATED?

The benchmark used for performance purposes is a composite benchmark consisting of 52.5% Domestic Equity (CSWIX), 22.5% Domestic Bonds (ALBI), 5% Domestic Cash (STF3M), 14.5% International Equity (ACWI), 3.5% International Bonds (BGBA) and 2% International Cash (USD3MLIBOR). From 1 April 2021 the SA equity component of the composite benchmark changed from the FTSE/JSE Capped All Share Index (CAPI) to the FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX). The benchmark returns shown in this MDD will be spliced between the previously applicable index values and the new composite benchmark using C-SWIX from 1 April 2021.

*Benchmark change due to LIBOR being discontinued: The publication of LIBOR ceased on 31 December 2021 for most of the currency and term combinations that are currently in use. As a result, USD LIBOR has been replaced by the Secured Overnight Financing Rate ("SOFR") as a component of the Coronation Balanced Plus Fund composite benchmark. This change is effective from 1 December 2021. SOFR is an emerging standard for short-term USD interest rates in global financial markets and is calculated by the New York Federal Reserve. The new Balanced Plus Fund benchmark is be: 52.5% Domestic Equity (CSWIX), 22.5% Domestic Bonds (ALBI), 5% Domestic Cash (STF3M), 14.5% International Equity (ACWI), 3.5% International Bonds (BGBA) and 2% International Cash (SOFR).

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 the current financial year (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