CORONATION BALANCED PLUS FUND

Fund Information as at 30 June 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

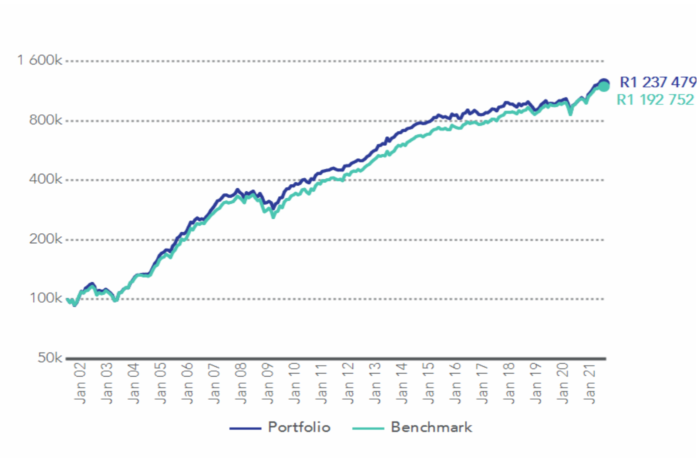
Launch Date	15 April 1996
Fund Class	A
Benchmark	Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international
Fund Category	South African – Multi-asset – High Equity
Regulation 28	Complies
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg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

Fund category	South African - Multi Asset - High Equity
Launch date	15 April 1996
Fund size	R93.79 billion
NAV	12292.85 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	1.67%	1.64%
Fund management fee	1.24%	1.24%
Fund expenses	0.24%	0.22%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.19%	0.17%
Total Investment Charge	1.86%	1.81%

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)	2617.7%	1092.8%	1665.7%
Since Launch (annualised)	14.0%	13.2%	12.1%
Latest 20 years (annualised)	13.4%	13.2%	12.0%
Latest 15 years (annualised)	11.1%	11.2%	8.7%
Latest 10 years (annualised)	10.5%	11.4%	8.6%
Latest 5 years (annualised)	7.3%	9.0%	5.8%
Latest 3 years (annualised)	8.2%	9.7%	6.7%
Latest 1 year	23.8%	18.8%	17.2%
Year to date	10.6%	9.4%	9.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.2%	10.3%
Sharpe Ratio	0.36	0.13
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(23.6)%
Positive Months	67.2%	67.1%

	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	30 Jun 2021
Domestic Assets	74.2%
Equities	47.9%
Basic Materials	13.0%
Industrials	1.0%
Consumer Goods	2.7%
Health Care	1.1%
Consumer Services	10.5%
Telecommunications	0.0%
Financials	11.5%
Technology	2.7%
Derivatives	3.4%
Consumer Staples	0.7%
Energy	1.2%
Unlisted	0.0%
Real Estate	2.9%
Bonds	21.7%
Commodities	1.0%
Cash	0.8%
International Assets	25.8%
Equities	23.0%
Real Estate	0.5%
Bonds	0.4%
Cash	1.9%

TOP 10 HOLDINGS

As at 30 Jun 2021	% of Fund
Anglo American Plc	4.7%
Egerton Capital Equity Fund	3.9%
Naspers Ltd	3.4%
FirstRand Limited	3.3%
Glencore Xstrata Plc	3.0%
Prosus Nv	2.5%
Contrarius Global Equity Fund	2.4%
Lansdowne Capital	2.4%
Tremblant Capital	2.4%
Select Equity Group	2.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
30 Sep 2019	01 Oct 2019	160.11	56.66	103.45

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)%							10.6%
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%

Issue date: 2021/07/14

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 1.5% for the quarter, resulting in a return of 23.8% over the last year. Performance benefited from recovering markets, asset allocation decisions, and alpha in the domestic and global equity building blocks. The Fund has performed well against its peer group over all meaningful time periods.

Good returns from global markets continued, with the MSCI All Country World Index returning 7.4% in US dollars for the quarter, resulting in a return over 12 months of 39.3%. Given this considerable strength, the Fund has reduced its holding in global equities to a neutral level, although we see opportunities for stock picking.

Developed market equities (MSCI World Index +7.7%) continued their rise during the quarter as the benefits of rapid vaccine rollouts allowed for a re-opening of economic activity. Emerging markets (MSCI Emerging Markets [EM] +5.0%) underperformed their developed market counterparts. Notable EM underperformers included Chile and Peru, where markets reacted to an expected shift to the left in economic policy. Vaccine rollout in EM has generally lagged developed market peers. The emergence of the Delta variant in India highlighted the vaccine gap. Widespread vaccination is critical in slowing the spread of the virus and reducing the threat of further mutations. In South Africa (SA), too, vaccination has been off to a slow start. To date, c.4 million South Africans have been vaccinated, insufficient to avoid the current third wave and another round of restrictions being placed on the economy.

High levels of sovereign indebtedness and low yields keep us cautious on global bonds. There is a rising risk of inflation as economic restrictions ease amidst tight labour markets. For the quarter, the Barclays Global Aggregate Bond Index rose 1.3% in US dollars.

In SA, a more resilient domestic economy continued to exceed expectations. Reported Q1-21 GDP was up 4.6% quarter on quarter, seasonally adjusted and annualised. Constrained power and the poor state of SOEs are major headwinds to growth and fiscal sustainability. We note the positive announcements in this regard made during the quarter enabling greater private power generation and the sale of the government's majority stake in SAA. These factors are driving increased confidence in the domestic outlook. Local interest rates are expected to remain lower for longer as inflation remains relatively contained. The Fund added to its position in SA government bonds, given this improving backdrop and the attractive real yields on offer. The buying was funded from cash, taking the Fund to a neutral position. The All Bond Index increased 6.9% for the quarter, with the rand strengthening 3.5% against the US dollar.

Having increased exposure to SA equities during 2020, we remain overweight in the asset class, given the breadth of value on offer in resources, global stocks domestically listed and domestic shares. For the quarter, the JSE All Share Index was flat (0.0%) in rand. The domestically-focused financial sector delivered strong returns (8.2%) relative to a flat return from industrials (0.8%) and weaker performance from resources (-5.0%). Within SA equities, selective buying of domestic shares further narrowed the domestic underweight. Domestic companies continued to report results ahead of our expectations due to more resilient economic activity and stringent cost-cutting. This has resulted in strong free cash flow generation.

The portfolio remains overweight resource shares given their attractive valuations. Our investment case is not premised on higher commodity prices (we expect most to trend downwards) but rather on the undemanding multiples and generous free cash flow yields even after adjusting commodity prices lower. In addition, decarbonisation should support sustained demand for metals. Major diversified holdings continue to include Anglo American, Glencore and Exxaro.

We have built a position in the gold equities, which offer upside and reasonably priced protection. Given the increased risk from stretched sovereign balance sheets and high global market levels, the local gold counters offer a well-priced, diversified investment opportunity. Coronation has not owned gold equities for nearly two decades as they traded at extended valuations, suffered from rapidly rising costs and declining production profiles, and offered poor returns to shareholders. For the two former "SA" gold producers, AngloGold and Goldfields, the risks have meaningfully changed. Today these businesses have more geographical diversification, reduced exposure to SA's deep complex gold mines, better cost control, healthier production profiles and restored balance sheets. At spot gold prices, we see a margin of safety in valuations and expect better returns to shareholders going forward. You can read our latest *Corospondent* for a more detailed analysis. These positions were funded from selling down platinum group metals (PGM) shares (currently underweight), which have performed strongly.

The portfolio continues to have considerable exposure to several of the global businesses listed domestically. These are attractive for a variety of stock-specific reasons. Major holdings include Naspers (-15.1%), British American Tobacco (-1.3%), Quilter (-7.0%), Bidcorp (+8.3%), Textainer (+14.8%) and Aspen (+12.3%). The Naspers share price decline reflected underlying price pressure on Tencent as the regulatory environment for technology companies in China intensified. This is consistent with global trends, where regulators have increased their scrutiny of technology businesses. Current areas of Chinese regulatory focus include anti-competitive practices and data security. The Tencent ecosystem is extensive, but we believe this powerful platform is leveraged to the economic benefit of both Tencent and its partners. As a Chinese company, Tencent's data is retained within China. While we acknowledge the increased regulatory scrutiny, Naspers and Prosus continue to offer exposure to an exciting growth asset in Tencent, which is meaningfully underpriced. Naspers/Prosus management are focused on this discount and aligned with shareholders through their remuneration. The announced share swap deal between Prosus and Naspers is unlikely to be sufficient to unwind the discount but is the first step.

Distell rose strongly during the quarter (+43.1%) on the news of a potential offer from Heineken. We have long been admirers of Distell's quality portfolio of branded beverages and its long runway for growth as it expands on the African continent. As such, we believe a sizeable premium for the business can be justified.

Within the financial sector, banks (9.6%) and property (12.1%) outperformed the life sector (5.8%). The banks raised significant provisions related to Covid-19 during 2020. Actual defaults are proving to be lower than expected, supporting a faster recovery in earnings for the sector. Further, a resumption in dividend payments by the banks improves returns to shareholders. We increased the domestic banks' exposure during the quarter. Life companies continue to face headwinds, both from lower new business volumes and higher mortality risks related to Covid-19 infections. The Fund's major exposure is through Momentum Metropolitan, where the balance sheet is sufficiently strong to withstand these shorter-term headwinds, and the company has highlighted the potential for additional shareholder returns.

Transaction Capital is a new holding in the Fund. This entrepreneurially run business recently acquired a controlling stake in We Buy Cars at what we believe to be a very attractive price. Transaction Capital has demonstrated a strong track record of delivery in its traditional businesses. The addition of We Buy Cars adds an exciting growth vector going forward. We Buy Cars brings convenience, trust, competitive vehicle pricing (backed by proprietary market transactional data) and scale to a fragmented second-hand car market. This superior offer has enabled We Buy Cars to grow its share of the second-hand vehicle market to 10%. We are excited about the prospects of the business over the long term and expect it to make a meaningful contribution to Transaction Capital.

The domestic property sector remains challenged as reduced demand for space in both retail and office threatens future rental tension. This, combined with escalating costs (rates, electricity and water), provides ongoing headwinds. However, a more resilient domestic economy should aid faster deleveraging than our initial expectations, reducing the size of the capital raises required. Exposure in the Fund remains small and is predominantly through the more defensive 'A' shares.

While the past 18 months have seen a huge amount of volatility and fluctuating outlooks, our focus remains on seeking out opportunities where the longer-term prospects of assets are mispriced by the market. We continue to believe that this patience will be rewarded.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 30 June 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.

Note that for compliance monitoring purposes, we use the same index as the SA equity component of the composite benchmark, which is the FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX).

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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