

## 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

Maximum growth/  
minimum income exposures

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](http://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

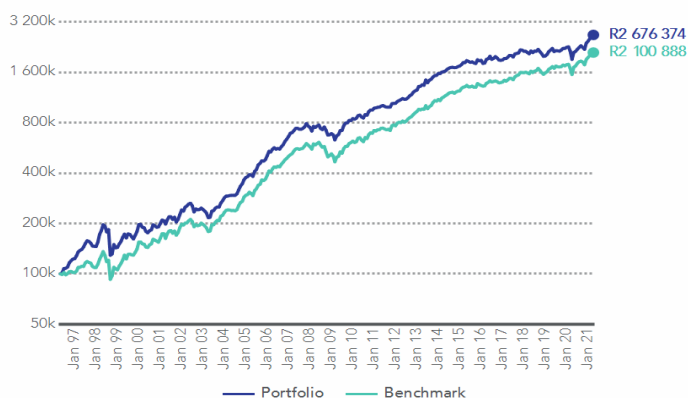
CLASS A as at 31 March 2021

<b>Fund category</b>	South African - Multi Asset - High Equity
<b>Launch date</b>	15 April 1996
<b>Fund size</b>	R92.46 billion
<b>NAV</b>	12306.30 cents
<b>Benchmark/Performance</b>	Composite (52.5% equity, 22.5% bonds,
<b>Fee Hurdle</b>	20% international, 5% cash)
<b>Portfolio manager/s</b>	Karl Leinberger and Sarah-Jane Alexander

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.67%	1.64%
Fund expenses	1.24%	1.24%
VAT	0.24%	0.21%
Transaction costs (inc. VAT)	0.19%	0.18%
Total Investment Charge	1.86%	1.80%

## 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)	2576.4%	2000.9%	1641.1%
Since Launch (annualised)	14.1%	13.0%	12.1%
Latest 20 years (annualised)	13.9%	13.6%	12.4%
Latest 15 years (annualised)	11.0%	11.3%	8.6%
Latest 10 years (annualised)	10.4%	11.2%	8.6%
Latest 5 years (annualised)	6.9%	8.8%	5.5%
Latest 3 years (annualised)	9.0%	10.3%	7.3%
Latest 1 year	40.1%	35.5%	30.7%
Year to date	8.9%	6.9%	7.4%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.2%	12.2%
Sharpe Ratio	0.36	0.30
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	67.2%	65.2%

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

## 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%										8.9%
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%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2021
<b>Domestic Assets</b>	<b>75.3%</b>
■ Equities	<b>46.1%</b>
Basic Materials	12.6%
Industrials	1.0%
Consumer Goods	3.2%
Health Care	1.1%
Consumer Services	12.9%
Telecommunications	0.0%
Financials	10.1%
Technology	0.2%
Derivatives	3.1%
Consumer Staples	0.4%
Energy	1.1%
Unlisted	0.0%
Utilities	0.4%
■ Real Estate	<b>2.8%</b>
■ Bonds	<b>19.9%</b>
■ Commodities	<b>2.5%</b>
■ Cash	<b>4.3%</b>
<b>International Assets</b>	<b>24.7%</b>
■ Equities	<b>22.8%</b>
■ Real Estate	<b>0.5%</b>
■ Bonds	<b>0.6%</b>
■ Commodities	<b>0.0%</b>
■ Cash	<b>0.8%</b>

## TOP 10 HOLDINGS

As at 31 Mar 2021	% of Fund
Naspers Ltd	6.8%
Anglo American Plc	5.2%
Egerton Capital Equity Fund	3.6%
Glencore Xstrata Plc	2.9%
FirstRand Limited	2.8%
British American Tobacco Plc	2.6%
Quilter Plc	2.6%
Northam Platinum Ltd	2.4%
Lansdowne Capital	2.3%
Tremblant Capital	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

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

The Fund had a good quarter, with a return of 8.9%, benefiting from both value-adding asset allocation decisions and alpha generated within the domestic and global equity building blocks. The Fund has performed well against its peer group over all meaningful time periods.

The Covid-19 pandemic continued to impact markets. Despite severe second and third waves in many parts of the world, markets delivered a strong first-quarter performance. Investors are anticipating a return to more normal economic activity as vaccine rollout strategies gained momentum. Virus mutations, vaccine efficacy and the duration of immunity remain risks to markets that have already priced in a recovery. The MSCI All Country World Index returned 4.6% for the first quarter (Q1-21) after returning 16.3% during 2020. The S&P 500 Index returned 6.2% in US dollars for Q1-21. In Europe, the Eurostoxx 50 rose +6.3%, despite stringent lockdowns across large parts of Europe. Given the considerable strength in global markets, the Fund reduced its holding in global equities to a neutral level.

Emerging markets (MSCI Emerging Markets [EM] +2.3%) underperformed their developed market counterparts (+4.9% as measured by the MSCI World Index). Within EM, Turkey was a notable underperformer (-20.4% in US dollars) as President Erdogan replaced the country's Central Bank governor (again). This affront to central bank independence resulted in a weakening of the currency and rising bond yields. Herd immunity for EM will generally come later than developed market peers, taking place in 2022 or 2023. Affordability, access to vaccines and effective procurement and distribution strategies are all headwinds. South Africa (SA), similarly, has had a slow start to vaccine distribution, with vaccine timelines being extended. Effectively leveraging all available resources across the private and public sector will be critical to achieve the herd immunity required for economic normalisation.

Global bond yields rose as confidence in an economic recovery gained steam. Pent-up demand from consumers sitting on high levels of savings, buoyed by economic stimulus and lockdown restrictions, brings inflation risk. The Barclays Global Aggregate Bond Index declined -4.5% in US dollars in Q1-21. We remain cautious on global bonds given the low yields at which they continue to trade, high levels of government indebtedness and the risk of inflation. In SA, the All Bond Index declined -1.7% in Q1-21. The rand remained steady against the US dollar (-0.6% in Q1-21).

After a marked deterioration in SA's fiscal metrics during 2020, Q1-21 brought improved news flow. The current account delivered a healthy surplus backed by mining cashflows and a robust agricultural sector. Tax collection efforts exceeded expectations. The February Budget was encouraging, with a commitment to rein in expenditure, specifically the public sector wage bill that has compounded at a rate above inflation for many years. Implementation of the Budget plans will require a sustained commitment to austerity. Much needed economic growth is frustrated by load shedding, policy uncertainty and a lack of investor confidence. While the projected debt-to-GDP ratio has come in lower than expected, it remains high. The risk of a debt trap is not immaterial. This tenuous situation is reflected in SA government bonds yielding returns well above cash. We see better value at the long end of the curve, where lower bond prices offer more protection against restructuring. The Fund is slightly underweight fixed rate government bonds, striking a balance between the attractive returns and risk.

Having increased exposure to SA equities during the third quarter of 2020, we took profits in Q1-21, given the strong run. The JSE All Share Index was up strongly (+13.1%) for the quarter and 55.6% since its March lows a year ago. Despite the selling, the Fund remains overweight SA equities, given the breadth and attraction of the value on offer. Resource shares delivered 18.7% for Q1-21, followed by industrials (+13.0%) and then financials (+3.8%). The portfolio benefited from its large holding in resources. The Fund continues to have considerable exposure to rand-hedge names that remain attractive for various stock-specific reasons. Major holdings include Naspers (+17%), British American Tobacco (+4.9%), Quilter (+5.5%), Bidcorp (+8.7%), Textainer (+45.1%) and Aspen (+15.1%).

Within the SA equity building block, the Fund reduced the extent of the domestic underweight during 2020, given the move in valuations. Despite reduced medium-term prospects, domestic shares offer attractive upside to fair value. In keeping with the second half of 2020, earnings results from domestic shares have exceeded our expectations in Q1-21. We believe exciting stock picking opportunities exist as strong players use the crisis to become even stronger. This was evident in the results of a business such as Shoprite (+12.2% for Q1-21), which delivered strong topline growth and resilient gross profit margins despite economic headwinds.

SA's banks have navigated the crisis well. Books appear well provided as borrowers resume debt repayments and low interest rates improve affordability. Capital ratios remain healthy, and future earnings should be well supported given the level of provisioning. Despite sector earnings roughly halving over 2020, Standard Bank and FirstRand returned to paying dividends. The outlook for advances growth is muted given constrained economic growth. Slow vaccine rollout and possible retrenchments pose additional risks to economic recovery. Life insurers were forced to take additional Covid-19 provisions as a second wave drove a spike in mortality. As with the banks, life insurer balance sheets remain well capitalised. Sanlam, Momentum Metropolitan Holdings and Old Mutual declared dividends. Momentum Metropolitan (+12.1%) remains an attractive investment, trading at a meaningful discount to embedded value. While additional Covid-19 provisions detracted from results, we believe management's actions are delivering underlying operational improvements. Despite the selloff in property shares, we have not built up the position, given concerns over the long-term outlook for rentals and weak balance sheets.

Within the resources sector, the Fund benefited from its overweight position in the diversified miners and underweight holdings in gold. Anglo American and Glencore rose 22% and 24%, respectively. Resource shares remain a meaningful part of equity exposure despite their outperformance. Our investment thesis is unchanged, namely undemanding valuations, solid free cash flow (FCF) and tight markets.

Commodity demand is expected to remain robust given Asian resilience and a recovery in the rest of the world. Joe Biden's presidency should strengthen the US's commitment to transitioning away from fossil fuels. Battery metals have an important role to play in decarbonising the world's energy mix. We expect copper and cobalt to be particularly tight as this shift accelerates. Glencore (+24%) should be a key beneficiary.

The platinum group metals holdings in the portfolio (Northam +22.8% for Q1-21, Impala Platinum +40.7% for Q1-21) performed well. Metal prices remain high given growing demand, supply disruptions and a decade of underinvestment. We have trimmed the positions but remain invested, given anticipated high levels of cash return.

Equity markets have rebounded strongly off the lows of a year ago. While we have trimmed equity exposure, we remain overweight and continue to see exciting investment opportunities for stock pickers. We believe that these positions will deliver compelling returns for clients in the coming years.

**Portfolio managers**

Karl Leinberger and Sarah-Jane Alexander  
as at 31 March 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](http://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?

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.

## 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](http://www.coronation.com)

## IMPORTANT INFORMATION REGARDING TERMS OF USE

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