

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in the financial services industry. It seeks to outperform an index of financial companies listed on the Johannesburg Stock Exchange (the JSE Financial Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in JSE-listed companies that earn a significant portion of their earnings from financial services. These include banks, insurance companies and related businesses.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



Maximum growth/ minimum income exposures



The fund's managers actively seek out attractively valued financial companies that could offer strong long-term investment growth.

Shares are selected following rigorous research into the long-term potential of a company, and whether it is currently attractively valued relative to its sector.

Shares can be volatile investments and there is a meaningful risk of capital loss over the short term. However, given its focus on investing only in attractively valued shares that could offer long-term growth, the fund may preserve capital better than its benchmark over the long run.

The fund is concentrated and only invests in one sector of the market, making it riskier than a general equity fund.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of five years or more is therefore ideal.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- want to diversify their investments to include specific exposure to banks, insurers and related businesses;
- believe that the financial sector offers compelling value;
- accept that the fund may underperform the broader market significantly in the short term as a result of its sector focus;
- seek to hold the Financial Fund as one of multiple funds in their investment portfolio.

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 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?



**NEILL
YOUNG**
BBusSc (Hons Fin), CA
(SA), CFA



**GODWILL
CHAHWAHWA**
BCompt, CA (SA)
CFA

GENERAL FUND INFORMATION

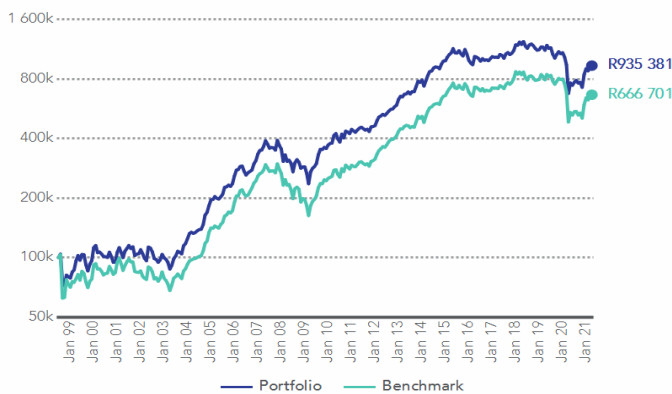
Launch Date	1 July 1998
Fund Class	A
Benchmark	FTSE/JSE Financial Index
Fund Category	South African – Equity – Financial
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORFING
ISIN Code	ZAE000019766
JSE Code	CNFG

CLASS A as at 31 March 2021

Fund category	South African - Equity - Financial
Launch date	01 July 1998
Fund size	R235.04 million
NAV	4555.72 cents
Benchmark/Performance	FTSE/JSE Financial Index
Fee Hurdle	
Portfolio manager/s	Neill Young and Godwill Chahwahwa

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	835.4%	566.7%	268.7%
Since Launch (annualised)	10.3%	8.7%	1.6%
Latest 20 years (annualised)	11.8%	10.8%	1.1%
Latest 15 years (annualised)	8.1%	7.7%	0.4%
Latest 10 years (annualised)	7.8%	8.5%	(0.7)%
Latest 5 years (annualised)	(2.1)%	(1.8)%	(0.4)%
Latest 3 years (annualised)	(7.9)%	(7.5)%	(0.4)%
Latest 1 year	38.3%	37.5%	0.8%
Year to date	3.5%	3.6%	(0.1)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	19.7%	21.0%
Sharpe Ratio	0.08	N/A
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(45.4)%	(45.3)%
Positive Months	59.3%	60.1%

	Fund	Date Range
Highest annual return	63.0%	Aug 2004 - Jul 2005
Lowest annual return	(39.5)%	Apr 2019 - Mar 2020

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	(2.6)%	3.7%	2.5%										3.5%
Fund 2020	(5.0)%	(8.6)%	(28.4)%	13.2%	(2.8)%	3.6%	2.3%	(3.2)%	1.0%	(5.8)%	16.1%	7.2%	(16.9)%
Fund 2019	3.3%	(0.2)%	(3.7)%	6.1%	(3.6)%	0.9%	(7.4)%	(4.5)%	4.4%	3.3%	(2.4)%	1.2%	(3.4)%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.47%	1.46%
Fund expenses	1.22%	1.24%
VAT	0.06%	0.04%
Transaction costs (inc. VAT)	0.18%	0.18%
Total Investment Charge	0.17%	0.16%
	1.64%	1.62%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2021
Domestic Assets	100.0%
Equities	94.6%
Financials	94.6%
Preference Shares & Other Securities	3.3%
Real Estate	2.0%
Cash	0.1%

TOP 10 HOLDINGS

As at 31 Mar 2021	% of Fund
FirstRand Limited	20.0%
Standard Bank Of SA Ltd	12.7%
Sanlam Life Assurance Limited	8.1%
Absa Bank Ltd	7.4%
Nedbank Ltd	6.8%
Quilter Plc	6.7%
RMI Holdings	5.1%
Investec Limited	4.6%
Ninety One Plc	4.1%
Momentum Metropolitan Holdings	3.9%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2021	01 Apr 2021	8.50	8.39	0.11
30 Sep 2020	01 Oct 2020	312.81	311.63	1.18
30 Sep 2019	01 Oct 2019	163.21	159.76	3.45
29 Mar 2019	01 Apr 2019	36.05	34.58	1.47

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

The financial sector generated a positive return of 3.8% for the first quarter of the year (Q1-21), although this lagged the 13.1% return of the All Share Index (ALSI). This performance takes the 12-month return for the sector to 37.8% (ALSI: 54%), but one should bear in mind that our market bottomed just over a year ago on 19 March 2020, as the Covid-19 sell-off reached its nadir. In this context, the Fund returned 3.5% for the quarter and 38.3% for the 12 months to end-March. Over more meaningful periods of three, five and 10 years, the Fund has delivered a total annual return of -7.9%, -2.1% and 7.8% against the benchmark returns of -7.5%, -1.8% and 8.5%.

Global equity markets continued their upward trajectory in Q1-21 against the backdrop of rather mixed news around the pandemic. A third wave is very evident in many countries, particularly in Western Europe, with new lockdown regulations being applied. This is clearly very negative for economic activity and places additional strain on households and corporates. At the same time, certain countries have rolled out vaccination programmes surprisingly efficiently, particularly the UK and the US, and a path to a return of economic normalcy can be envisaged. It is this trajectory, along with ongoing financial support to households and infrastructure programmes designed to support an economic recovery, that is being discounted into equity prices. For this reason, the performance of the JSE has been driven very heavily by a strong recovery in businesses exposed to global demand and, in particular, resources stocks.

The domestic outlook is less rosy. Despite a better-than-expected Budget, aided in large part by better-than-expected revenue collection from resources companies, a slightly better-than-expected GDP deficit, and a current account surplus for the first time in nearly two decades, economic growth remains severely constrained, and our public debt profile remains too high, with no consolidation in sight.

While there is no sign of a third wave of infection yet, most experts agree that it is only a matter of time before it arrives, and the question is only around its magnitude. Our domestic vaccine rollout has been delayed once already, and it remains unclear as to when the rollout will gain sufficient momentum to tackle the pandemic in South Africa effectively. Given that the financial sector is predominantly domestic-facing, much of this outlook is discounted in the share prices of its constituents, explaining its underperformance against the broader market. The quarterly performance for the sector was driven principally by property stocks returning 6.4%. As previously communicated, we remain concerned about the longer-term prospects for rentals and excessively leveraged balance sheets. The underweight position in property negatively impacted performance relative to the benchmark. The banking sector returned 2.9% and life insurers -1.0%.

Most banks and life companies reported December 2020 results during the quarter. Despite earnings for the 12-month period declining between 43% and 57%, the banks demonstrated resilience during an extremely challenging period. Advances growth was muted (particularly in the corporate space in the second half of 2020), net interest margin pressure continued, and non-interest revenue remained under pressure. Positively, expenditure was well controlled, mitigating the impact of constrained revenue growth. Most crucially, credit loss ratios declined in the second six months of the year, signalling that the forward-looking bad debt provisions set up by the banks in June 2020 were adequate (in some cases generous) and that relief lending portfolios performed better than expected. Capital positions remain robust, improving somewhat from their June positions, and both Standard Bank and FirstRand returned to dividend payments. While the outlook for balance sheet growth remains constrained given the economic backdrop, some margin stability and continued reduction in impairments suggest that these businesses should return to 2019 earnings levels by 2022 or 2023, which is slightly earlier than we had previously modelled.

Life company results were more divergent, ranging from Liberty dropping into losses to Sanlam earnings declining 23%. New business volumes reduced, and results were significantly impacted by the cost of establishing Covid-19 reserves to deal with expectations of increased mortality and lapsation. As a result, embedded values declined. Despite this, and as with

the banks, balance sheets remain well-capitalised, and Sanlam, MMI and Old Mutual declared dividends.

Contributors to performance for the quarter include overweight positions in Investec PLC, Coronation Fund Managers, Momentum Metropolitan Holdings and PSG Group, as well as the underweight position in Capitec Bank. The main detractors from performance have been the overweight positions in RMI Holdings, EPE Capital Partners Ltd and Standard Bank Group, as well as underweight positions in Transaction Capital, Remgro Ltd, Redefine Income Fund and Old Mutual Ltd.

During the quarter, the Fund's holdings in Ninety One, Capitec, Rand Merchant Insurance and Reinet were increased, and the holding in Nedbank was reduced.

Despite the strong recovery from the trough of 12 months ago, financial stocks still trade on relatively undemanding price-to-book and embedded value multiples, as well as reasonable price-to-earnings on normal earnings and attractive dividend yields. This, by and large, reflects the challenging domestic macroeconomic outlook they all face. We expect earnings to recover strongly in the near term off a base impacted significantly by the pandemic but constrained in the longer term by an economy desperately in need of structural reform to stimulate fixed investment and job creation.

Portfolio managers
Neill Young and Godwill Chahwahwa
 as at 31 March 2021

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

The Financial Fund should be considered a 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. 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.

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 2020 (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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