

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term investment growth from investing in a select group of South African listed industrial and consumer companies.

It seeks to outperform an index of industrial companies listed on the Johannesburg Stock Exchange (the JSE Industrial Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in companies listed on the JSE, most excluding those involved in mining and financial services. It can invest in a wide range of industries, including technology, telecommunication, healthcare and consumer goods.

While the fund may not invest in foreign markets, it can have exposure to international companies that are listed in South Africa. 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

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

Shares are selected following rigorous and independent 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

- ▶ want to diversify their investments to include exposure to a wide range of industrial companies;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ want to hold the Industrial Fund as one of multiple funds in their investment portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.00% (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?



**TUMISHO
MOTLANTHE**
BBusSc, CFA



**NICHOLAS
HOPS**
BBusSc, CFA

GENERAL FUND INFORMATION

Launch Date	1 July 1998
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Industrial Index
ASISA Fund Category	South African – Equity – Industrial
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCGRO
ISIN Code	ZAE000019741
JSE Code	CNCG

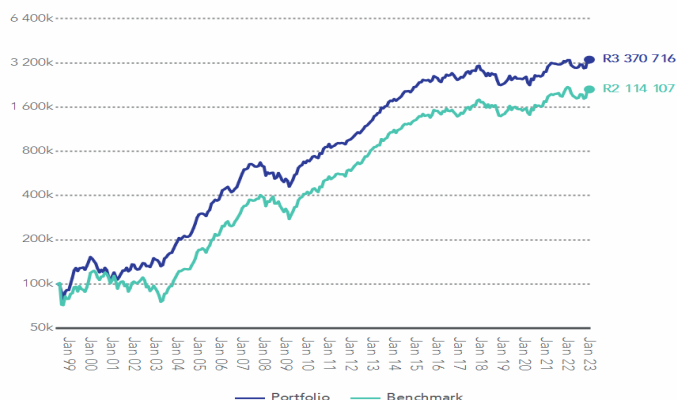
CLASS P as at 31 December 2022

ASISA Fund Category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R697.93 million
NAV	21819.29 cents
Benchmark	FTSE/JSE Industrial Index
Portfolio manager/s	Tumisho Motlanthe and Nicholas Hops

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.17%	1.16%
Fund expenses	1.00%	0.99%
VAT	0.03%	0.02%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.17%	0.17%
	1.34%	1.34%

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)	3270.7%	2014.1%	1256.6%
Since Launch (annualised)	15.4%	13.3%	2.2%
Latest 20 years (annualised)	17.0%	16.9%	0.1%
Latest 15 years (annualised)	11.8%	12.0%	(0.2)%
Latest 10 years (annualised)	9.9%	9.8%	0.1%
Latest 5 years (annualised)	3.3%	4.1%	(0.8)%
Latest 3 years (annualised)	10.1%	10.9%	(0.8)%
Latest 1 year	0.7%	(3.7)%	4.4%
Year to date	0.7%	(3.7)%	4.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.3%	17.5%
Sharpe Ratio	0.46	0.28
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	62.9%	62.6%

	Fund	Date Range
Highest annual return	68.0%	Jan 1999 - Dec 1999
Lowest annual return	(26.2)%	Dec 2017 - Nov 2018

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(0.1)%	(7.7)%	(2.2)%	(1.7)%	(0.3)%	1.2%	4.4%	(0.4)%	(5.5)%	0.8%	13.5%	0.1%	0.7%
Fund 2021	8.4%	2.6%	3.2%	(0.7)%	(0.6)%	(0.5)%	(0.8)%	0.3%	1.5%	3.9%	(1.2)%	2.6%	20.2%
Fund 2020	2.0%	(9.1)%	(3.6)%	10.6%	(2.0)%	7.6%	(1.4)%	0.7%	(1.3)%	1.7%	5.8%	0.2%	10.3%
Fund 2019	1.3%	2.9%	3.5%	5.7%	(6.3)%	2.6%	2.6%	(3.1)%	0.2%	(0.2)%	(0.8)%	1.9%	10.2%
Fund 2018	(1.2)%	(3.2)%	(5.0)%	5.0%	(4.3)%	4.1%	(1.9)%	0.3%	(8.7)%	(6.8)%	(0.8)%	1.4%	(20.0)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2022
Domestic Assets	100.0%
■ Equities	99.9%
Basic Materials	2.3%
Industrials	2.9%
Consumer Goods	36.8%
Health Care	2.5%
Consumer Services	15.6%
Telecommunications	8.7%
Financials	1.3%
Technology	29.7%
■ Cash	0.1%

TOP 10 HOLDINGS

As at 31 Dec 2022	% of Fund
Compagnie Financiere Richemont Sa	24.4%
Naspers Ltd	16.5%
Prosus Nv	9.7%
Mtn Group Ltd	8.7%
British American Tobacco Plc	5.9%
Anheuser-busch Inbev Sa/nv	3.8%
Aspen Phamacare Holdings Ltd	2.5%
Metair Investments Ltd	2.3%
Spar Group Ltd	2.2%
Allied Electronics Corp	2.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2022	03 Oct 2022	194.36	194.28	0.08
31 Mar 2022	01 Apr 2022	82.87	82.57	0.30
30 Sep 2021	01 Oct 2021	125.64	125.58	0.06
31 Mar 2021	01 Apr 2021	671.21	669.91	1.30

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

Performance

The Fund had a strong finish to the year, returning 14.4% in the fourth quarter (Q4-22), which was slightly behind an even better benchmark performance of 15.7%. For 2022 as a whole, the Fund outperformed the benchmark by 4.4%, which contributed positively to its longer-term track record relative to the benchmark.

Persistent hawkishness from the US Federal Reserve continued to play a key part in the pricing of equities (and other financial assets) in the quarter, as more interest rate hikes were put through. Added to this, was the rising probability of recession in many parts of the world.

China was the other key driver of local market performance, given the sizeable contribution the country makes to the fortunes of two of the largest industrial companies in the benchmark (Naspers/Prosus and Richemont). President Xi Jinping secured a third term at the governing party's national congress in October, which allowed the government more room to turn its attention back to economic growth. This included providing a bit more clarity on recent regulatory changes and substantially unwinding the restrictive zero-Covid policy (which was having a meaningful stifling effect in this regard). A very strong November performance from the abovementioned shares drove the bulk of benchmark returns in Q4-22.

Here in South Africa, a surprisingly strong Q3 GDP print gave way to the underlying headwinds faced by the local economy. Slowing growth and an escalation in the amount and severity of load shedding, which was made worse by the impending loss of two senior officials – COO and CEO. The ANC also hosted its elective conference in December, where against consensus expectations, Cyril Ramaphosa comprehensively retained presidency of the party, with an executive that has a strong representation by his allies.

What worked well for the Fund during the quarter, was our underweight positioning in a number of SA retail names – Clicks, Shoprite and Mr Price. While all high-quality companies within their sectors, they are also very highly rated versus peers and the benchmark. As domestic industrials broadly underperformed during Q4-22, this basket of stocks added more than 1% of outperformance for the Fund. Another notable contributor was the Fund's underweight position in paper company Mondi, which added 0.4%.

On the detractors side, three overweight positions featured strongly. Taken together, these stocks were responsible for more than 1% underperformance during the quarter. UK software licencing reseller Bytes, SA ICT business Altron, and food retailer Spar, all reported results during the period – in all three cases the market took a dim view either of the result itself, or the prospective outlook (both operational and strategic). Post results we continue to believe the earnings power of these businesses remains intact, and the shares are trading on undemanding forward PE multiples (Spar and Altron both under 10 times; Bytes trades on a 19 times, but is growing earnings in excess of 20%). Our underweight in luxury goods company Richemont also hurt.

Fund positioning

Incidentally, the Fund's biggest buy in Q4-22, was Richemont. After delivering strong revenue growth for the full year to May, earnings came in below expectations. The share reacted poorly to these numbers and continued to languish for much of 2022. We then took the view that the strong revenue trends could continue into their new financial year, while the earnings would be more resilient than what was being priced in. When the H1 results were released in November, we were pleased to see a strong share price reaction. We also added to our position in telecommunications company MTN, whose share price remained depressed. Anheuser-Busch InBev also deserves a mention in the buy column.

Sells during the quarter largely came from the rand hedge stocks. These included Naspers, British American Tobacco, and Richemont (post the share price jump). We also sold some Barloworld, which had done well from levels we had bought it at.

Outlook

With the new year having begun, industrial shares have, pleasingly, had a good start to the year. Despite the challenges that are out there, both locally and globally, we are excited about both the current positioning of the Fund and the return potential from its holdings.

Portfolio managers

Tumisho Motlanthe and Nicholas Hops
as at 31 December 2022

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

The Industrial 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. Asset allocation and top 10 holdings are reflected on a look-through basis. 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 P 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 over the period referenced. 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 underlying 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 previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available 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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