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

10/10
Aggressive

Maximum growth/ minimum income exposures

Growth Assets: 100%
Income Assets: 0%

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

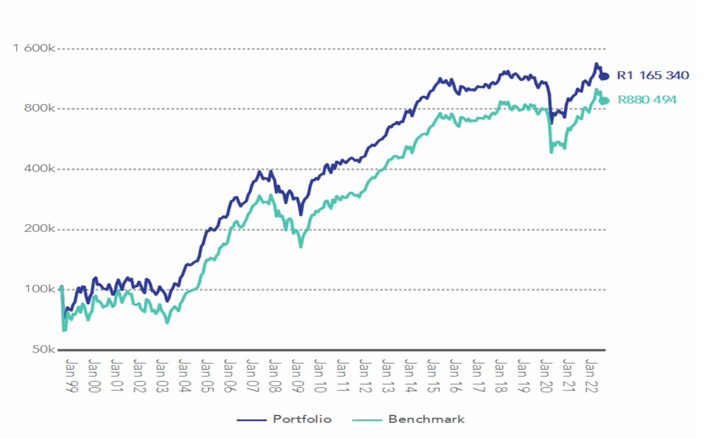
Launch Date	1 July 1998
Fund Class	A
Benchmark	FTSE/JSE Financials ex Real estate Index
ASISA Fund Category	South African – Equity – Financial
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORFING
ISIN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

ASISA Fund Category	South African - Equity - Financial
Launch date	01 July 1998
Fund size	R342.28 million
NAV	5525.43 cents
Benchmark	FTSE/JSE Financials (ex Real estate) Index
Portfolio manager/s	Neill Young and Godwill Chahwahwa

	1 Year	3 Year
Total Expense Ratio	1.48%	1.47%
Fund management fee	1.24%	1.24%
Fund expenses	0.05%	0.05%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.21%	0.20%
Total Investment Charge	1.69%	1.68%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2022
Domestic Assets	100.0%
Equities	99.9%
Industrials	2.4%
Financials	97.4%
Cash	0.1%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1065.3%	780.5%	284.8%
Since Launch (annualised)	10.7%	9.5%	1.3%
Latest 20 years (annualised)	13.1%	12.9%	0.2%
Latest 15 years (annualised)	8.1%	8.1%	0.1%
Latest 10 years (annualised)	7.8%	8.6%	(0.8)%
Latest 5 years (annualised)	1.7%	3.2%	(1.6)%
Latest 3 years (annualised)	3.0%	4.0%	(1.1)%
Latest 1 year	19.0%	23.6%	(4.6)%
Year to date	2.8%	5.2%	(2.5)%

TOP 10 HOLDINGS

As at 30 Jun 2022	% of Fund
FirstRand Limited	23.1%
Standard Bank Of SA Ltd	16.8%
Nedbank Ltd	10.1%
Sanlam Life Assurance Limited	6.6%
Capitec Bank Holdings Ltd	6.4%
Discovery Holdings Ltd	5.8%
RMI Holdings	4.7%
Transaction Capital	4.1%
Remgro Ltd	3.0%
Absa Bank Ltd	2.8%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	19.8%	21.1%
Sharpe Ratio	0.12	0.05
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(45.4)%	(45.3)%
Positive Months	59.5%	60.2%

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

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2022	01 Apr 2022	46.25	45.84	0.41
30 Sep 2021	01 Oct 2021	94.86	94.46	0.40
31 Mar 2021	01 Apr 2021	8.50	8.39	0.11
30 Sep 2020	01 Oct 2020	312.81	311.63	1.18

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	2.7%	4.1%	11.4%	(5.8)%	1.9%	(13.2)%	3.6%						**2.8%**
Fund 2021	(2.6)%	3.7%	2.5%	1.5%	6.5%	(2.7)%	(0.5)%	11.5%	1.8%	(2.4)%	(3.0)%	7.8%	**25.5%**
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)%**
Fund 2018	(0.5)%	3.8%	(2.8)%	3.6%	(5.3)%	(2.5)%	4.0%	1.1%	(1.9)%	(3.2)%	(2.2)%	0.7%	**(5.6)%**

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

In a negative quarter for financials, the Fund returned -16.7%, bringing the one-year return to 14.4%. The long-term performance of the Fund remains pleasing at 10.6% annualised and alpha of 1.3% since inception.

As the Russian invasion of Ukraine continues, worsening geopolitical tensions have increased the risk of higher global inflation and a faster normalisation in global monetary policy. June saw some developed market central banks tightening monetary policy to curb rising inflation after some upside surprises to inflation data during the quarter. While US data is expected to have peaked, inflation in the euro area and the UK is expected to accelerate further as price pressures associated with the impact of the war in Ukraine continue to be felt. In the US, the Federal Reserve Board raised the target range of the federal funds rate by 75 basis points (bps) moving the range to 1.50% to 1.75%. In the UK, the Bank of England (BOE) raised its policy rate by 25bps to 1.25% at the June Monetary Policy Committee (MPC) meeting. While the European Central Bank (ECB) left policy rates unchanged at the June MPC meeting, the ECB signalled it will raise its policy rates in July and September by implementing a 25bps rate hike at each meeting. The South African Reserve Bank (SARB) is due to meet in July and the expectation is for a 50bps rate hike, taking the repo rate to 5.25%. SA has benefited from a significant terms of trade boost that provides more breathing room for the fiscus, but supply side constraints and high energy prices will place pressure on the SARB to normalise rates at a pace consistent with that of major global central banks.

Against this backdrop, equity markets came under pressure during the quarter. The MSCI World Index declined 16.2%, while the MSCI Emerging Markets Index fell 11.4% in US dollars in the quarter. SA was not spared, with the All Share Index declining 20.8% (in USD) after the rand weakened 10.3% against the US dollar. Within the SA market, basic materials was the weakest sector, declining 21.6% in rands, followed by financials (-15.8%), with industrials outperforming at -4.5%. Within the financial sector, banks (-14.5%) outperformed life insurers (-23.1%).

In a rising interest rate environment, banks will benefit from the widening of interest margins as they earn more on their interest free 'lazy' deposits and capital (endowment benefit). Higher rates also drive deterioration in credit quality as customers struggle to make payments and economic activity slows. The SA banks come into the current rate hiking cycle with strong capital ratios and good provision coverage to mitigate against any deterioration in credit quality as rates rise. The sharp fall in bank shares in the last quarter presents an opportunity. At current levels, Absa, Standard Bank and Nedbank trade between 5 and 6 times price-earnings multiples two years out, 8% to 9% dividend yields one year out and between 1 and 1.3 times price-to-book multiples. While FirstRand trades at a meaningful premium to the other three banks, we believe this premium is justified given their higher return on equity.

The sharp fall in equity markets has a significant near-term earnings impact on asset management and wealth businesses that earn revenues as a percentage of their assets under management. However, the long-term franchise value of these businesses remains unchanged, particularly if one takes that markets will ultimately recover over the long term. Some of these businesses continue to grow their assets under management by taking in fund inflows which offsets some of the near-term challenges from the market decline. The Fund has holdings in Quilter, a UK wealth manager, and Ninety One, an asset management company. Shares in these companies have come under some pressure because of the decline in equity markets and now present even more attractive investment opportunities. Quilter has a significant adviser base that positions them strongly in the UK savings market where consumers enjoy more control over their savings. Ninety One has invested in its distribution presence across many markets outside of SA and with the costs now in place, will look to leverage their scale and grow assets. Current share prices do not adequately reflect the opportunities in both businesses.

Contributors to performance for Q2-22 include overweight positions in RMI Holdings, Nedbank, PSG Group, Standard Bank and Santam. Detractors from performance included underweight positions in Investec Bank and HCI, as well as overweight positions in Transaction Capital, Discovery and Quilter. Significant actions in the Fund during the quarter included increasing the banks as valuations became more attractive by adding to Absa, Standard Bank, Nedbank and FirstRand. We also added to holdings in Transaction Capital and Quilter. We funded these from Investec Bank, Momentum Metropolitan Holdings and PSG Group.

The sharp fall in equity markets globally presents opportunities for stock pickers to acquire great franchises at attractive valuations. This opportunity extends into the SA financials universe. We continue to position the Fund to benefit from these opportunities.

Portfolio managers
Neill Young and Godwill Chahwahwa
as at 30 June 2022

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 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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