CORONATION MARKET PLUS FUND

Fund Information as at 31 July 2022

CORONATION
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WHAT IS THE FUND'S OBJECTIVE?

Market Plus aims to maximise long-term investment growth, at lower levels of risk than a fund that is only invested in shares.

WHAT DOES THE FUND INVEST IN?

Market Plus can invest in a wide range of assets such as shares, bonds, listed property and cash, both in South Africa and internationally.

It will typically have a strong bias towards shares, which offer the highest expected long-term returns. But unlike an equity fund, it does not have to remain fully invested in shares when we believe the stock market is too expensive.

Foreign investments may represent up to 45% of its assets. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

7/10
Aggressive

Maximum growth/ minimum income exposures

Growth Assets: 100%
Income Assets: 0%

Market Plus represents Coronation's view on the best combination of different assets that could maximise long-term returns at a reasonable level of risk.

The fund is primarily invested in shares, and will actively seek out only those investments we believe are attractively valued and may offer superior long-term growth.

Market Plus will typically have more exposure to shares than a traditional balanced fund. Shares can be volatile investments and there is a risk of capital loss, especially over the short term. However, the fund is managed with a strong emphasis on instrument valuation and it is therefore unlikely to lose money over the longer term. It may still produce negative returns in extreme years, but at a lower level than a pure equity fund.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term for this fund is five years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Long-term investors who are building wealth and

- can stay invested for at least five years (preferably longer);
- seek to preserve the purchasing power of their savings over the long term by investing in a diversified portfolio;
- are not dependent on an income from their investment;
- who do not need to accept the investment constraints applicable to retirement savers.

WHAT COSTS CAN I EXPECT TO PAY?

The fund fees recently changed to a fixed fee from the performance related fee previously used.

The new fixed fee is 1.25%.

From 1 April 2021 to 31 March 2022, the lowest of the previously used performance-related fee and the new fixed fee will be accrued daily. From 1 April 2022, only the new fixed fee will apply.

All fees exclude VAT. 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.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

NEVILLE CHESTER
BCom, CA (SA), CFA

NICHOLAS STEIN
CA (SA), CFA

NICHOLAS HOPS
BBusSc,CFA

GENERAL FUND INFORMATION

Launch Date	2 July 2001
Fund Class	A
Benchmark	CPI + 5%*
ASISA Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORMKPL
ISIN Code	ZAE000031506
JSE Code	CMPF

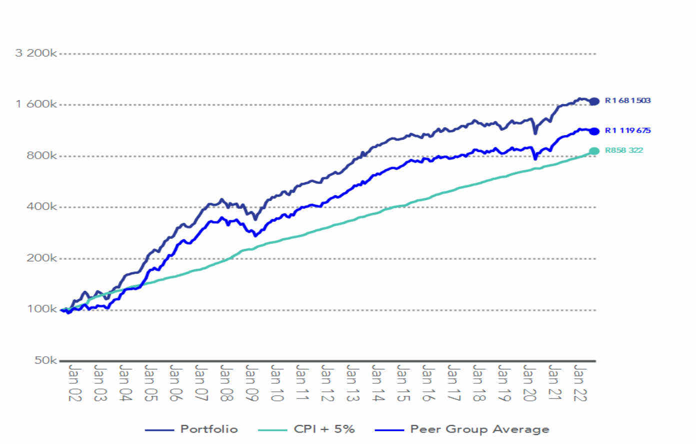
** Benchmark change. Please refer to page 4 for more details.*

ASISA Fund Category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 4.23 billion
NAV	9428.88 cents
Benchmark	CPI + 5%*
Portfolio manager/s	Neville Chester, Nicholas Stein and Nicholas Hops

	1 Year	3 Year
Total Expense Ratio	1.02%	1.07%
Fund Management Fee	1.24%	1.24%
Adjusted for out/(under)-performance	(0.50)%	(0.45)%
Fund expenses	0.16%	0.17%
VAT	0.11%	0.12%
Transaction costs (inc. VAT)	0.22%	0.23%
Total Investment Charge	1.24%	1.30%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	CPI +5%	Peer Group Average
Since Launch (unannualised)	1581.5%	758.3%	1019.7%
Since Launch (annualised)	14.3%	10.7%	12.1%
Latest 20 years (annualised)	14.2%	10.6%	12.8%
Latest 15 years (annualised)	9.8%	10.7%	8.5%
Latest 10 years (annualised)	10.0%	10.3%	9.0%
Latest 5 years (annualised)	6.4%	9.9%	6.3%
Latest 3 years (annualised)	10.3%	10.1%	8.6%
Latest 1 year	3.1%	12.5%	5.0%
Year to date	(4.0)%	8.4%	(3.4)%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	11.1%	9.0%
Sharpe Ratio	0.60	0.50
Maximum Gain	36.7%	34.9%
Maximum Drawdown	(24.4)%	(22.4)%
Positive Months	65.6%	66.4%

	Fund	Date Range
Highest annual return	50.0%	Aug 2004 - Jul 2005
Lowest annual return	(20.1%)	Mar 2008 - Feb 2009

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2022
Domestic Assets	78.9%
Equities	54.9%
Basic Materials	15.7%
Industrials	0.5%
Consumer Goods	6.3%
Health Care	1.1%
Consumer Services	5.5%
Telecommunications	2.5%
Financials	13.8%
Technology	9.2%
Derivatives	0.3%
Other	0.0%
Real Estate	5.0%
Bonds	16.4%
Commodities	0.0%
Cash	2.6%
International Assets	21.1%
Equities	20.2%
Real Estate	0.6%
Bonds	1.1%
Commodities	0.0%
Cash	(0.8)%

TOP 10 HOLDINGS

As at 30 Jun 2022	% of Fund
Prosus	6.7%
Glencore Xstrata Plc	3.2%
Standard Bank Group Ltd	3.2%
Naspers Ltd	3.2%
Nedbank Group Ltd	2.9%
Anglo American Plc	2.8%
Sasol Ltd	2.8%
British American Tobacco Plc	2.7%
Compagnie Financiere Richemont SA	2.2%
Redefine Income Fund	2.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2022	01 Apr 2022	137.74	42.26	95.48
30 Sep 2021	01 Oct 2021	193.11	113.14	79.98
31 Mar 2021	01 Apr 2021	175.22	114.85	60.37
30 Sep 2020	01 Oct 2020	91.31	45.12	46.19

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(1.4)%	0.9%	(0.5)%	(1.7)%	(0.1)%	(5.4)%	4.4%						**(4.0)%**
Fund 2021	4.1%	4.8%	0.7%	1.7%	(0.2)%	0.2%	1.9%	0.8%	(0.8)%	4.0%	0.0%	3.3%	**22.1%**
Fund 2020	1.1%	(5.7)%	(13.7)%	11.8%	1.7%	3.2%	2.8%	2.2%	(2.0)%	(2.4)%	9.0%	3.0%	**8.9%**
Fund 2019	1.5%	4.2%	2.7%	2.7%	(3.8)%	1.1%	(0.7)%	(0.2)%	1.8%	2.3%	(0.4)%	1.6%	**13.3%**
Fund 2018	0.4%	(2.1)%	(2.1)%	3.5%	(2.1)%	2.4%	(0.5)%	2.4%	(3.4)%	(1.3)%	(5.1)%	1.2%	**(6.9)%**

Issue date: 2022/08/11

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 second quarter of 2022 (Q2-22) continued the trend of extremely volatile markets, with a bearish bias. The JSE fell just over 10% but was a relative outperformer in global markets where the S&P 500 Index was down over 15% (in USD). The key driver of these negative moves was the rampant inflation across the globe and the expectation that interest rates will rise significantly more from current levels in order to tame this inflation. Markets appear unable to decipher what is good news and what is bad news, as every data point that arrives is accompanied by extreme moves, creating very unpleasant market conditions.

While higher interest rates will clearly be negative for highly rated shares with long-dated payoff profiles, it is bullish for many financial companies that have suffered a decade of low to negative interest rates. However, the market has been fairly indiscriminatory in its sell-off, with very few shares or sectors delivering positive returns. The one sector that has been positive is the energy sector, where high oil and gas prices, partly due to the sanctions from the war in Ukraine, are driving strong profit growth. However, this has not been the case for other commodities, where we have seen a very brutal sell-off, even though the shares had never fully discounted high commodity prices before this. The apparent fear of a slowdown, due to higher interest rates, has created a sharp sell-off, even though the companies are still generating strong cash flows at current commodity prices.

On top of the global negative sentiment, the local equity market is likely to suffer more pressure from the relaxation to Regulation 28, which sees the offshore allowance increased to 45%. Despite the evident value in the local market, we expect a number of local funds to externalise more assets, resulting in continued selling pressure locally until these flows have moved. We think this is not the right time to be doing this, as the relative valuation still strongly favours domestic assets, and as a result we are using the local weakness to build holdings at attractive valuations.

Local inflation, while outside of the South African Reserve Bank's (SARB) inflation targets, is nowhere near the extreme levels we are seeing in the historically low inflation regions of the developed world. This is due to the generally more restrictive monetary policy applied by the SARB compared to the rest of the world during the Covid lockdowns. As a result, we do not see an extreme rate tightening cycle in SA. Instead, we expect one more likely to be in line with our more recent past. This contrasts strongly with developed markets, where we expect interest rates to rise to levels not seen in well over a decade, and this will have an impact on their capital markets and economic growth.

Within our domestic equity allocation, we have added to our commodity exposure, given the unwarranted weakness we have seen in share prices as referred to above. After having sold down our platinum group metals (PGM) exposure last year, this has been the main area where we have added to in our funds. The PGM basket price remains at levels where the companies will be generating significant free cash flows. Key now is for these flows to be returned to shareholders and not wasted on peak cycle M&A. This is a key focus of our engagements with these companies. We have sold out of the Fund's gold position, which worked as a defensive holding in inflationary times, and instead have put this to work in the now, much cheaper, equity markets.

Our large holding in Naspers/Prosus was the one bright light in this quarter, as their recent announcement to deal with the structural discount was taken positively by the market. This is our largest equity holding, which has had a torrid two years, so it was pleasing to see the strong recovery. We expect that once the discount closes, there should still be further upside from the potential recovery in Tencent as China emerges from its multi-year Covid lockdowns.

The past quarter also saw continued good earnings growth from our bank holdings. The economic recovery and higher interest rates helped them recover from the negative impact of the Covid lockdowns. All of these holdings should present earnings in the next month and the trading updates have indicated earnings are ahead of market expectations. Results should be accompanied by good dividends, helping to drive healthy underlying returns in a market where we are unlikely to see much capital appreciation.

We have increased our global equity exposure, the majority of this being from our put protection maturing deep in the money. This derivative protection, put on last year as global equity markets soared, has proven to be very valuable. Now that the developed markets have sold off, we think it is appropriate to allow our exposure to rise but funded from cash. The result of this is that our equity exposure is higher than it has been for some time, reflecting our expectation of where future returns will come from.

Even though global interest rates have started rising faster than previously expected, we still find most global debt instruments to be expensive. The real yields are still negative and not offering much value. Our position in SA government bonds has remained fairly steady. Credit has not repriced meaningfully and is also still not offering much value.

Property has suffered as interest rate expectations have started to rise, with global property particularly hard hit. However, given the value opportunity in equity, we have not made meaningful moves into this market.

In these capital markets, volatility appears to have become part of the normal course of business. We believe this is something investors will need to become accustomed to. Long-term returns are still excellent, and one needs to be cognisant of the need to stay invested for the long term in order to build real, inflation-beating returns. We think valuations are currently very supportive of this objective.

Portfolio managers
Neville Chester, Nicholas Stein and Nicholas Hops
as at 30 June 2022

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

The Market 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 45% 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 ASISA South African - Multi Asset - Flexible category (excluding Coronation Funds in that category).

The current performance fee methodology results in a fee of 1.25% when the portfolio's performance equals that of the benchmark (net of fees), with a minimum fee of 0.75% and a maximum fee of 2.40%.

From 1 April 2021 to 31 March 2022, the lower of the 2 possible fees stated below will be accrued daily;

- The current performance-related fee with CAPI as the SA equity component of the benchmark
- The new fixed fee of 1.25%

From 1 April 2022, only the new fixed fee will apply.

BENCHMARK DETAILS

*The benchmark used for performance purposes is the Consumer Price Index (CPI) + 5%. This benchmark replaced the previous composite benchmark on 1 April 2022.

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 TFI Class TER and Transaction Costs cannot be determined accurately because of the short life span of the class. Calculations are based on actual data where possible and best estimates where actual data is not available. 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