CORONATION BALANCED PLUS FUND

Fund Information as at 31 May 2022

CORONATION
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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 is limited to 45% each.

The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

6/10
Moderate

Maximum growth/ minimum income exposures

- Growth Assets: 85%
- Income Assets: 15%

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

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
ASISA Fund Category	South African – Multi-asset – High Equity
Benchmark	ASISA fund category average (excluding Coronation funds)*
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

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

CORONATION BALANCED PLUS FUND

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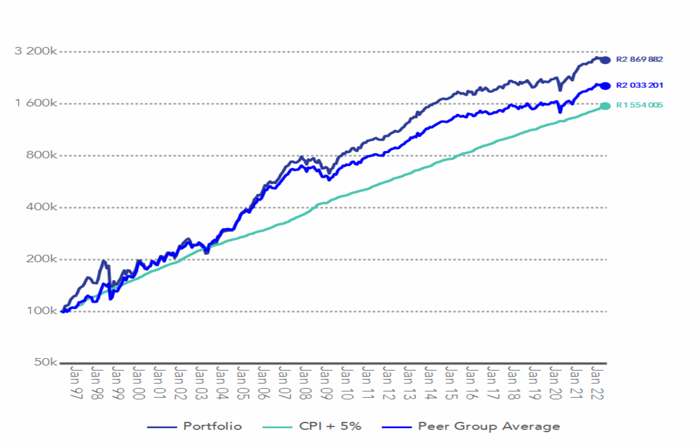
CLASS A as at 31 May 2022

ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	15 April 1996
Fund size	R99.11 billion
NAV	12641.11 cents
Benchmark/Performance Fee Hurdle	ASISA fund category average (excluding Coronation funds)*
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

	1 Year	3 Year
Total Expense Ratio	1.63%	1.64%
Fund management fee	1.24%	1.24%
Fund expenses	0.20%	0.21%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.21%	0.19%
Total Investment Charge	1.84%	1.83%

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)	2769.9%	1454.0%	1933.2%
Since Launch (annualised)	13.7%	11.1%	12.2%
Latest 20 years (annualised)	12.7%	10.5%	11.0%
Latest 15 years (annualised)	9.4%	10.6%	7.7%
Latest 10 years (annualised)	10.0%	10.0%	8.7%
Latest 5 years (annualised)	7.3%	9.4%	6.7%
Latest 3 years (annualised)	10.5%	9.4%	8.9%
Latest 1 year	5.0%	11.1%	7.5%
Year to date	(3.9)%	4.8%	(2.5)%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	13.0%	10.3%
Sharpe Ratio	0.36	0.31
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	66.8%	65.5%

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

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2022
Domestic Assets	73.8%
Equities	48.9%
Basic Materials	11.5%
Industrials	0.9%
Consumer Goods	3.6%
Health Care	0.7%
Consumer Services	8.7%
Telecommunications	1.6%
Financials	11.3%
Technology	3.9%
Derivatives	4.1%
Consumer Staples	1.3%
Energy	1.3%
Unlisted	0.0%
Real Estate	3.1%
Bonds	20.0%
Commodities	0.0%
Cash	1.8%
International Assets	26.2%
Equities	26.0%
Real Estate	0.2%
Bonds	0.1%
Cash	0.0%

TOP 10 HOLDINGS

As at 31 Mar 2022	% of Fund
Prosus NV	4.6%
Anglo American Plc	4.1%
FirstRand Limited	3.1%
AngloGold Ashanti Limited	2.8%
Glencore Xstrata Plc	2.2%
Standard Bank Of SA Ltd	2.0%
MTN Group Ltd	1.7%
British American Tobacco Plc	1.6%
Compagnie Financiere Richemont SA	1.6%
RMI Holdings	1.5%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2022	01 Apr 2022	139.62	48.32	91.30
30 Sep 2021	01 Oct 2021	197.13	85.22	111.91
31 Mar 2021	01 Apr 2021	201.05	112.04	89.01
30 Sep 2020	01 Oct 2020	92.01	39.04	52.96

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(1.9)%	0.9%	(0.3)%	(2.0)%	(0.7)%								**(3.9)%**
Fund 2021	3.7%	4.1%	0.8%	1.7%	0.4%	(0.5)%	2.1%	0.9%	(0.6)%	4.0%	0.3%	2.9%	**21.5%**
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%**
Fund 2018	0.0%	(1.8)%	(1.7)%	4.0%	(2.4)%	2.2%	(0.2)%	2.6%	(3.0)%	(2.9)%	(3.6)%	0.5%	**(6.3)%**

Issue date: 2022/06/09

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 Fund returned -1.3% for the quarter, resulting in a return of 10.1% over the last year. The Fund's significant exposure to local equity has contributed to performance over the year. The Fund has performed well against its peer group over all meaningful time periods.

Russia's unexpected invasion of Ukraine weighed heavily on markets during the quarter. Commodity prices soared, given Russia's role as a meaningful commodity producer. Expectations for global growth slowed, given rising energy prices, rising interest rates and slowing growth in China.

The MSCI World Index declined -5% for the quarter (dragging 12-month returns down to 10%). The MSCI Emerging Markets [EM] Index declined -7%, with China falling -14%. Given the size of the Chinese economy, a serious slowdown remains a risk to the global economy. China's zero-Covid policy is becoming impossible to sustain, with ongoing lockdowns undermining growth. China's geopolitical ambitions and its association with Russia damaged sentiment further. The MSCI removed Russia from the EM Index, writing its value down to near zero (-100%). South Africa (SA) performed well, with currency strength (ZARUSD +9%) boosting US dollar returns to 16% (as measured by the FTSE/JSE Capped SWIX in US dollars). The Fund has trimmed its overweight position in local equities to buy global equities, reducing a previously underweight position.

Events in Russia further exacerbated the trend of rising inflation, with a dramatic impact on energy costs (brent crude +39% for the quarter and +70% over 12 months) and food expected to put consumer disposable income under pressure. Rising inflation has resulted in a round of interest rate hikes by central banks as seen in the US and UK (and SA) during March. The Fund remains cautious on global bonds given rising inflation, slowing global growth and insufficient yields. The Bloomberg Barclays Global Aggregate Bond Index declined -6% in US dollars.

Higher commodity prices are benefiting the domestic economy as the additional revenues help to stabilise the debt burden. This improvement was reflected in Moody's upgrade in its outlook for SA debt from negative to stable. The Fund has retained its meaningful exposure to local bonds which offer attractive yields, both in absolute terms and relative to alternatives such as cash. The JSE All Bond Index delivered a return of 1.9% for the quarter.

While domestically there are signs of positive policy reform (the completion of the spectrum auction and Transnet inviting private sector bids to operate freight networks), the local economy remains weak. A decade of mismanagement has undermined infrastructure, with power and rail capacity in particular constraining the economy. These challenges, combined with a poor education system (which undermines labour productivity), continue to pose structural headwinds to growth.

However, given the many global headwinds, SA is relatively well positioned given its commodity basket. This, combined with low starting expectations and undemanding valuations, supported strong returns from SA equities for the quarter, with the FTSE/JSE Capped SWIX Index delivering 7% in rands. The Fund benefited from its overweight position in SA equity.

Quarterly performance across the sectors was divergent, with resources (+19%) and financials (+20%) strongly outperforming industrials (-13%).

The resource sector was up strongly as Russia's invasion of Ukraine resulted in a risk/scarcity premium being priced in across almost the entire commodity spectrum. Commodity markets were already tight entering 2022, but Russia's significant role in supplying a number of these markets has created further pressure. Russia is a key producer of palladium (27% of the global total), natural gas (19%), metallurgical coal (17%), crude oil (10%) and thermal coal (9%). Developments in this period will have outsized consequences for energy markets for many years to come.

As would be expected, energy producers benefited sharply during the quarter, with Thungela (+118%), Exxaro (+45%) and Sasol (+37%) all up meaningfully. Holdings in the diversified miners (Glencore +18% for the quarter and Anglo American +22% for the quarter) have contributed strongly to performance over the past few years. While they remain sizeable holdings, position sizes have been cut given the ongoing strength and subsequent reduction in the margin of safety.

The heightened uncertainty during the quarter also buoyed the gold equities and the Fund took the chance to trim these holdings during the period. Goldfields and AngloGold ended the quarter, up 32% and 7% respectively.

The Fund is underweight the platinum group metals miners. While near-term cash flows are expected to be strong, longer-term demand is expected to be undermined
by a shift to electric vehicles. Governments (particularly European) are expected to accelerate battery electric vehicles adoption given recent events as they strive to increase energy independence and reduce reliance on Russian oil and palladium.

The financials index returned 20% for the quarter, driven by a strong performance from the banks (+25%) and life insurers (+17%). The four domestic banks that reported during March all showed a strong recovery in pre-provisioning operating profit to a level matching or exceeding their pre-Covid levels. This was aided by a faster-than-expected recovery in the economy and good cost control. Rising interest rates should support future earnings. Holdings in RMI (+73% over 12 months, +16% for the quarter) and Transaction Capital (TCP) (+10%) have contributed to the Fund over their holding period. RMI continued its journey to simplify its structure, unveiling the value inherent in OUTsurance – a fast growing insurer with the ability to pay out the bulk of its earnings. Despite the RMI share price moves (+73% over 12 months, +15.5% for the quarter), it remains an attractive investment. The core OUTsurance asset trades at a low look-through multiple relative to its high-quality nature and strong growth prospects, particularly in Australia. We expect TCP's WeBuyCars business to continue to gain market share given its convenient and trusted consumer offer.

Industrials declined -13% for the quarter given the decline in its major constituent (Naspers -33% and Prosus -39% for the three-month period). Naspers and Prosus continue to be battered by negative sentiment towards China and the increased intensity of regulatory intervention. Despite the increased risk, we believe the shares are pricing in a conservative outcome. Tencent is a formidable company that generates good free cash flows, has a very engaged user base and is growing businesses across multiple verticals. An investment in Naspers/Prosus offers an extremely discounted entry point to Tencent.

Our portfolio has meaningful exposure to several global businesses listed in SA that we believe offer considerable value. In addition to Naspers/Prosus, examples include British American Tobacco, Bidcorp and Quilter. These counters generally lagged resource/domestic counters during the period as global markets sold off. We used the weakness in its share price to build our holding in Richemont. Richemont has a portfolio of highly desirable luxury brands across the jewellery and watch sector, with branded jewellery expected to continue growing strongly.

In keeping with a trend consistent through 2021, domestic companies continued to report results ahead of our expectations given a more resilient economy and stringent cost-cutting. Our emphasis has been on finding businesses that can prosper even in a low growth economy. For example, a business such as Shoprite has continued to invest behind its franchise and is growing revenues by gaining share in a competitive, low growth economy.

The portfolio has moderate property exposure, preferring to use its risk budget in equities and bonds. While the sector performed strongly during 2021 (+37%) it is still negative (-7% p.a.) over three years. Holdings are predominantly in the A shares, with some exposure to logistics assets. The medium-term outlook remains subdued as a weak economy and a structural shift in demand from increasing digital engagement and work from home trends undermine rental tension.

While headwinds exist in both global markets and the domestic economy, we believe SA assets are well priced for the risks and should offer attractive returns off these low starting prices.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 31 March 2022

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 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 respective ASISA category (excluding Coronation Funds in that category).

BENCHMARK DETAILS

*The benchmark used for performance purposes is the South African – Multi-asset - High Equity ASISA fund category average (excluding Coronation funds). 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 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 current financial year (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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