

## 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



### Maximum growth/ minimum income exposures



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](http://www.coronation.com)

## WHO ARE THE FUND MANAGERS?



**KARL LEINBERGER**  
BBusSci, CA (SA),  
CFA



**SARAH-JANE ALEXANDER**  
BBusSc, CFA

## GENERAL FUND INFORMATION

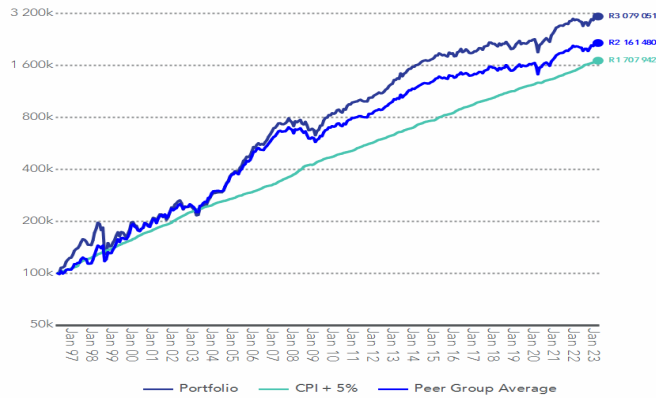
Launch Date	15 April 1996
Fund Class	A
ASISA Fund Category	South African – Multi-asset – High Equity
Benchmark	ASISA fund category average (excluding Coronation funds)
Regulation 28	Complies
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORBALN
ISIN Code	ZAE000019808
JSE Code	CORB

CLASS A as at 31 March 2023

ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	15 April 1996
Fund size	R104.12 billion
NAV	13353.64 cents
Benchmark	ASISA fund category average (excluding Coronation funds)
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

## 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)	2979.1%	1607.9%	2061.5%
Since Launch (annualised)	13.6%	11.1%	12.1%
Latest 20 years (annualised)	14.2%	10.4%	11.9%
Latest 15 years (annualised)	9.9%	10.5%	8.0%
Latest 10 years (annualised)	8.6%	10.1%	7.6%
Latest 5 years (annualised)	8.3%	9.9%	7.6%
Latest 3 years (annualised)	17.2%	10.3%	15.0%
Latest 1 year	4.5%	11.7%	5.0%
Year to date	5.2%	2.6%	4.2%

## RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	13.1%	10.3%
Sharpe Ratio	0.35	0.30
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	66.6%	65.0%

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

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2023	8.4%	0.1%	(3.1)%										5.2%
Fund 2022	(1.9)%	0.9%	(0.3)%	(2.0)%	(0.7)%	(5.5)%	4.8%	0.1%	(4.3)%	4.5%	4.3%	(1.5)%	(2.0)%
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%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.62%	1.64%
Fund expenses	0.19%	0.21%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.19%	0.20%
Total Investment Charge	1.81%	1.84%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2023
<b>Domestic Assets</b>	<b>55.3%</b>
Equities	35.8%
Basic Materials	5.2%
Industrials	0.8%
Consumer Goods	4.7%
Health Care	0.9%
Consumer Services	5.3%
Telecommunications	1.2%
Financials	9.9%
Technology	4.5%
Derivatives	3.4%
Unlisted	0.0%
Real Estate	2.6%
Bonds	17.2%
Cash	(0.4)%
<b>International Assets</b>	<b>44.7%</b>
Equities	37.5%
Preference Shares & Other Securities	0.0%
Real Estate	0.2%
Bonds	5.7%
Cash	1.3%

## TOP 10 HOLDINGS

As at 31 Mar 2023	% of Fund
Prosus Nv	2.9%
Standard Bank Of SA Ltd	2.8%
FirstRand Limited	2.3%
Anglo American Plc	2.0%
Glencore Xstrata Plc	1.9%
Anheuser-busch Inbev Sa/nv	1.8%
Absa Bank Ltd	1.5%
Compagnie Financiere Richemont Sa	1.5%
Naspers Ltd	1.4%
Fortress Income Fund Ltd A	1.3%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2023	03 Apr 2023	130.27	36.62	93.65
30 Sep 2022	03 Oct 2022	185.11	80.22	104.89
31 Mar 2022	01 Apr 2022	139.62	48.32	91.30
30 Sep 2021	01 Oct 2021	197.13	85.22	111.91

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

## Performance

The Fund returned 5.2% for the quarter (Q1-23), benefiting from its meaningful exposure to equities (particularly global) built up during 2022. The Fund has performed well against its peer group over all meaningful time periods.

## Fund positioning

The first quarter of 2023, in keeping with the last few years, was full of surprises. Global markets responded to fluctuating sentiment; rising strongly through January before pulling back and then regaining much of what they had lost in the final days of the quarter. The MSCI All Country World Index (ACWI) ended the quarter up 7%. The Fund has been active throughout this volatility. We started the year with a healthy exposure to global equities built up during market weakness in 2022. Early market strength in the first quarter provided an opportunity to trim this position before re-adding equity exposure on the back of market weakness in March.

Central banks continued to raise rates, bringing some high-profile casualties. Rapid rate rises triggered an asset-liability mismatch at Silicon Valley Bank (SVB), America's 16<sup>th</sup> largest bank, which resulted in its failure. Mark-to-market losses on longer-dated Treasuries were realised as investors withdrew deposits. Regulatory rescues in the US seem to have subsequently calmed markets, but not before the contagion wrought by the failure of SVB (and Signature Bank) contributed to the demise of Credit Suisse (CS), which has been wracked by scandals over the last few years. In an attempt to stem financial market panic, the Swiss government engineered CS's takeover by Swiss investment bank, UBS. Banking turmoil has increased the risk of recession, although the US consumer (and the economy) have remained resilient thus far.

The relaxation of Covid restrictions in China buoyed consumer demand, with strong sales reported by luxury goods companies and the like. While the risks of investing in China remain heightened, we continue to find outstanding businesses with solid growth prospects and healthy balance sheets. A business like JD.com is trading on an undemanding multiple yet is a strong beneficiary of recovering consumer confidence.

Rebounding Chinese demand was insufficient to support oil prices (Brent -7% in Q1-23), which languished on the back of a mild Northern hemisphere winter. A surprise cut by Opec announced in early April has lifted oil closer to its January levels (Brent \$85).

After a volatile quarter, global bond yields ended slightly lower, with the index +3% for the quarter (Bloomberg Barclays Global Aggregate Bond Index [BBGAB]), but still -8% over 12 months. Bond yields are closer to normal levels, but still offer inadequate compensation for heavily indebted sovereign balance sheets. The Fund has no exposure to developed market sovereign bonds. This is consistent with its positioning for many years. Unlike the narrow credit spreads in South Africa (SA), global credit bonds offer more attractive pricing. We have built up a basket of credit names trading on high single-digit hard currency yields.

The SA economy continues to struggle, hampered by heightened levels of loadshedding and failing infrastructure. These factors, combined with falling prices of key metals (coal and PGMs), will weigh on export revenues in 2023. Fiscal sustainability is further undermined by the recent high public sector wage settlement. Whilst high real yields support a position in SA government bonds, the Fund is underweight given the better risk-adjusted returns offered by growth assets (both global and local equities). The FTSE/JSE All Bond Index delivered a return of +3% for the quarter. A 50 basis points (bps) rate hike in the last few days of the quarter surprised the market as domestic inflationary pressures are not demand driven.

The FTSE/JSE Capped Shareholder Weighted Index (SWIX) returned 2% for the quarter. The pricing of SA equities remains attractive with broad value across resources, global stocks listed on the JSE, and domestics.

The Financials Index (ex-property) was flat for the quarter. The banks (Absa Group, FirstRand, Nedbank, Standard Bank) reported another set of strong earnings. Despite the headwinds facing the domestic economy, banks remain surprisingly constructive on their outlook. Credit losses are expected to remain within range and investment in self-generation projects should drive strong corporate advances growth. The Fund has a reasonable holding in the banks given their attractive dividend yields and ability to sustain and grow earnings. No contagion from global events is expected for the local banking sector.

We remain concerned about the earnings outlook for life insurers. Their mass businesses compete against cost-effective bank distribution, while the underwritten life franchises face stiff competition for market share as insurers try to find enough volume to feed their fixed cost bases in a market that is not growing. The Fund does not own the life insurers, preferring positions in the banks and other financials. Transaction Capital disappointed with the announcement that ongoing economic headwinds had forced a significant restructuring in SA Taxi. Whilst we attributed limited value to SA Taxi even prior to this announcement, the market reacted brutally; writing down not just SA Taxi but also taking a significant haircut to the overall value of the company. We believe that WeBuyCars and Nutun are worth significantly more than the current Transaction Capital share price and justify a holding in the company. The ongoing support of funders will be critical in achieving our assessment of fair value.

The resource sector was down -5% for the quarter. China's reopening was insufficient to meaningfully lift demand. Prices were generally weaker with the energy basket coming off the invasion highs of a year ago. Despite meaningfully cutting exposure to diversified miners in 2022, the Fund has retained a holding in Glencore and Anglo American. Both offer attractive free cash flow streams, even at more normal commodity prices. We expect energy markets to be tight over the medium term as demand remains robust during the transition to lower carbon energy sources and the lack of investment in new capacity over the last few years constrains supply. We have diversified our energy holdings across a basket of names to reduce company-specific risk. Resource holdings are the lowest in many years given the underweight positions in both PGMs and gold.

The Industrials Index performance (+14%) was buoyed by strong performances from many of the global stocks listed in SA. Aspen, Richemont, Bidcorp, Anheuser-Busch InBev and Naspers/Prosus are all meaningful holdings that contributed to performance. For various stock-specific reasons, we believe these businesses will continue to grow earnings and we have retained our holdings. Domestic stocks offer good stock picking opportunities but avoiding value traps is critical. We favour businesses with strong business models that can grow and pass on inflationary pressures to customers. ADvTECH is one such business where careful cost management is enabling management to contain fee increases at inflationary levels, and as a consequence grow enrolments strongly.

The portfolio has limited property exposure, preferring to use its risk budget in equities. The property sector has lagged equities (5-year -4% CAGR). A weak economy and loadshedding undermine the medium-term outlook.

## Outlook

While headwinds exist in both global and domestic markets, we believe growth assets (enhanced by good stock picking) should deliver good returns over the medium term. A diversified portfolio of global equity (and some global credit) should provide attractive risk-return benefits, supplementing a basket of cheaply priced local equities.

## Portfolio managers

**Karl Leinberger and Sarah-Jane Alexander**  
 as at 31 March 2023

## 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](http://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).

## 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](http://www.coronation.com)

## IMPORTANT INFORMATION REGARDING TERMS OF USE

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