CORONATION BALANCED PLUS FUND

Fund Information as at 31 October 2023

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

CORONATION BALANCED PLUS FUND

CORONATION
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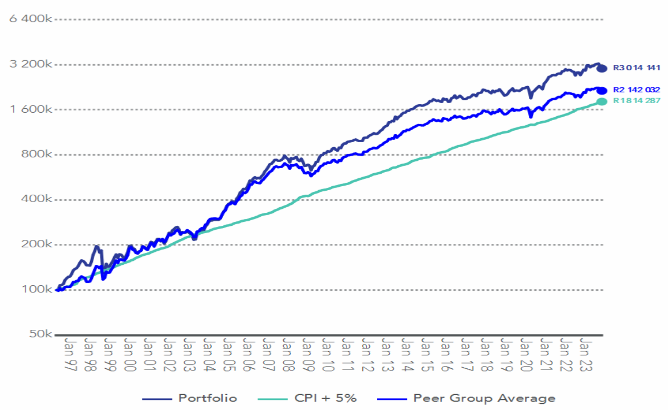
CLASS A as at 31 October 2023

ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	15 April 1996
Fund size	R99.78 billion
NAV	12793.35 cents
Benchmark	ASISA fund category average (excluding Coronation funds)
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

	1 Year	3 Year
Total Expense Ratio	1.66%	1.63%
Fund management fee	1.24%	1.24%
Fund expenses	0.23%	0.21%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.18%	0.20%
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)	2914.1%	1714.3%	2042.0%
Since Launch (annualised)	13.2%	11.1%	11.8%
Latest 20 years (annualised)	12.9%	10.5%	10.8%
Latest 15 years (annualised)	10.5%	10.2%	8.8%
Latest 10 years (annualised)	7.0%	10.2%	6.4%
Latest 5 years (annualised)	7.8%	10.0%	7.1%
Latest 3 years (annualised)	11.2%	11.0%	10.4%
Latest 1 year	5.8%	10.5%	6.1%
Year to date	3.0%	9.0%	3.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	13.0%	10.3%
Sharpe Ratio	0.32	0.27
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	66.7%	64.5%

	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 Oct 2023
Domestic Assets	55.4%
Equities	37.3%
Basic Materials	5.4%
Industrials	0.5%
Consumer Goods	2.2%
Health Care	0.8%
Consumer Services	9.5%
Telecommunications	1.0%
Financials	9.7%
Technology	4.6%
Derivatives	3.6%
Unlisted	0.0%
Real Estate	3.5%
Bonds	15.1%
Cash	(0.5)%
International Assets	44.6%
Equities	34.6%
Preference Shares & Other Securities	0.0%
Real Estate	0.1%
Bonds	8.6%
Cash	1.2%

TOP 10 HOLDINGS

As at 30 Sep 2023	% of Fund
Standard Bank Of SA Ltd	2.5%
FirstRand Limited	2.5%
Cie Financiere Richemont Ag	2.5%
Naspers Ltd	2.5%
Prosus Nv	1.9%
Mondi Limited	1.5%
Fortress Ltd	1.4%
Capitec Bank Holdings Ltd	1.4%
Glencore Plc	1.4%
Anglo American Plc	1.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2023	02 Oct 2023	158.96	72.61	86.34
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

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)%	1.7%	0.3%	2.5%	0.8%	0.4%	(4.2)%	(3.4)%			**3.0%**
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%**

Issue date: 2023/11/09

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.

Performance

The Fund returned -3.0% for the quarter (Q3-23), resulting in a return of 14.4% over the last year. Over one year, the Fund benefited from meaningful exposure to offshore equity and fixed income positions acquired in 2022. The Fund has performed well against its peer group over all meaningful time periods.

Fund positioning

After a strong start to the year, global markets retreated in Q3-23, with the MSCI All Country World Index down -3% (+10% year-to-date [YTD]). The S&P 500 Index similarly declined -3% for the quarter (+13% YTD). US demand remains resilient, supported by robust employment and household savings buoyed by Covid stimulus. This has cushioned the pressures of higher inflation and interest rates, enabling the economy to shrug off recessionary threats thus far. The Fund has a sizeable position in global equities, built up during a period of market weakness in 2022. The relaxation of prudential limits in 2022 (which enabled an increase in the Fund's maximum offshore allocation to 45%) allowed the Fund to build a bigger position in offshore assets than it has been able to in the past. This adds valuable diversification from a risk-return perspective. The global equity position has contributed meaningfully to performance YTD (but did detract during Q3-23). The extent of the market recovery in 2023 means that the upside in global equities from here largely lies in stock picking.

Despite the committed efforts of central banks, inflation looks set to remain higher for longer. The oil price rose 27% during Q3-23, supported by demand resilience, Saudi Arabian production cuts and Russian oil export bans. The higher price will exacerbate inflation as it filters into transport and food costs. The renewed Israel-Hamas conflict could further affect oil supply and pricing. Expectations of interest rate cuts are being pushed into 2024. The Bloomberg Barclays Global Aggregate Bond Index declined -4% for the quarter (-2% YTD). While the market appears to be pricing in higher inflation, we still believe bond yields offer insufficient 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 offers more attractive pricing. We hold a basket of offshore credit names trading on high single-digit US dollar yields.

Geopolitical tensions remain high. The Russia-Ukraine crisis drags on with no resolution in sight. Following the quarter's end, what appeared to be easing Middle East tension was dealt a blow by Hamas' significant attack on Israel. It is early days, and the longer-term consequences of this renewed conflict are as yet unknown.

In SA, the economic outlook remains poor, constrained by failing infrastructure, a thinning talent pool and rising costs of production. Lower levels of loadshedding are forecast for the coming months. This should bring some relief for businesses but is insufficient to materially change the muted growth prospects for the domestic economy. The FTSE/JSE All Bond Index delivered a return of -0.3% for the quarter (+1% YTD). We remain concerned about the sustainability of SA's high sovereign debt level, given the poor fiscal outlook. Economic growth is weak while spending pressures remain elevated (rising debt service costs, wage increases, ongoing bailout of failing municipalities and state-owned enterprises, grants). Despite high government bond yields, the Fund has an underweight position in SA government bonds. Part of the portfolio's bond holding sits in inflation-linked bonds that offer protection against sticky domestic inflation. The weaker currency and higher oil price will worsen inflation further. In the face of the many domestic challenges, the currency weakened by -0.4% against the USD for the quarter (-10% YTD).

The FTSE/JSE Capped Shareholder Weighted Index declined -4% for the quarter (-0.3% YTD). Amongst the domestic asset classes, the Fund favours SA equities that offer attractive return prospects and diversification away from a tough domestic economy (through a combination of non-SA exposure and strong domestic franchises). Fund holdings include global stocks listed on the JSE and selected resources and domestic stocks. Domestic stocks offer good stock-picking opportunities but avoiding value traps is critical. Over the past six months, a slew of weak domestic results has illustrated the pain that comes when costs grow faster than the top line. We favour companies with strong business models that can grow faster than the underlying economy and can pass cost pressures on to customers.

The financial sector returned 2% for the quarter (+9% YTD). The Fund has a sizeable holding in the banks with their low ratings and attractive high single-digit dividend yields. Recent bank results showed pleasing revenue growth from higher interest rates. Some of this benefit was offset by increased credit losses as pressure on consumers' disposable income began to bite. We expect credit losses to stabilise as inflation subsides over the next 12 months. We continue to believe that banks with their low ratings and ability to grow their revenues in the mid-to-high single digits offer an attractive medium-term investment.

The resource sector was down -4% for the quarter (-14% YTD). Slower global growth and weaker-than-expected Chinese demand have fed into lower prices across most of the commodities basket. The Fund cut its resources exposure meaningfully over the last two years as we exited PGMs and gold shares and took profits on the diversified miners. The long-term PGM outlook has deteriorated as electric vehicle adoption accelerates and local producers battle rising production costs. The underweight position in PGMs has benefited the Fund, which continues to have no exposure to pure-play PGM producers. We don't believe the ratings of the SA gold shares offer a sufficient margin of safety for the short-life, high-cost nature of their assets and have no exposure to gold miners as a result. This benefited the Fund over the quarter but remains a detractor YTD. We remain constructive on energy markets where we expect tightness in 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 global basket of names to reduce company-specific risk. Additional resource holdings include Mondi, Glencore and Anglo American. Mondi is a market leader in the paper and packaging sector with low cost, well-invested plants. The sector is benefiting from structural tailwinds, including ecommerce growth and an increased focus on sustainable packaging. Mondi is investing significantly into new capacity to take advantage of these factors and should grow strongly over the medium term. We added to the Mondi position during the quarter. The diversified miners offer attractive free cash flow streams, even at more normal commodity prices, and we have maintained a holding.

The Industrials Index declined -6% for the quarter (+10% YTD). The Fund's core holdings include many of the global stocks listed in SA: Richemont, Aspen, Bidcorp, British American Tobacco and Anheuser-Busch InBev. Global luxury stocks sold off during the quarter amidst concerns about global growth and a slower Chinese economy. The Fund used the weakness to add to its position in Richemont. Richemont has an enviable portfolio of luxury brands desired by consumers across the globe. Richemont's branded jewellery offering is expected to continue gaining market share in high-end markets. The stock trades on an attractive mid-teen multiple with strong long-term prospects.

The portfolio has limited property exposure, preferring to use its risk budget in equities. The medium-term outlook for the sector remains constrained, given a weak economy, nodal decay, and cost pressures.

Outlook

While headwinds exist in global and domestic markets, we believe growth assets (enhanced by good stock picking) offer the best medium-term returns. 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 30 September 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) Ltd (FSP 548) , 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).

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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