CORONATION MARKET PLUS FUND

Fund Information as at 31 October 2023

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 annual management fee is 1.25%.

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

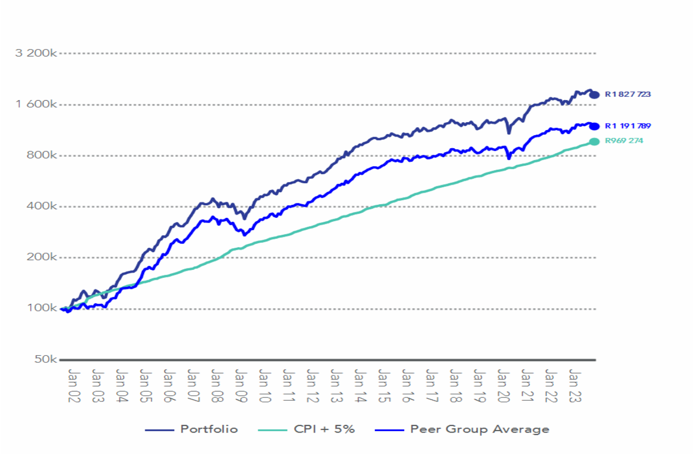
Launch Date	2 July 2001
Fund Class	A
Benchmark	CPI + 5%
ASISA Fund Category	Worldwide – Multi-asset – Flexible
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORMKPL
ISIN Code	ZAE000031506
JSE Code	CMPF

ASISA Fund Category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 4.31 billion
NAV	9772.04 cents
Benchmark	CPI + 5%
Portfolio manager/s	Neville Chester, Nicholas Stein and Nicholas Hops

	1 Year	3 Year
Total Expense Ratio	1.63%	1.31%
Fund Management Fee	1.24%	1.24%
Adjusted for out/(under)-performance	0.00%	(0.25)%
Fund expenses	0.21%	0.17%
VAT	0.19%	0.15%
Transaction costs (inc. VAT)	0.27%	0.25%
Total Investment Charge	1.90%	1.55%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Oct 2023
Domestic Assets	53.7%
Equities	39.7%
Basic Materials	7.8%
Industrials	1.0%
Consumer Goods	4.8%
Health Care	0.4%
Consumer Services	7.4%
Telecommunications	1.5%
Financials	11.2%
Technology	6.7%
Derivatives	(0.9)%
Real Estate	7.2%
Bonds	10.2%
Commodities	0.2%
Cash	(3.5)%
Other (Currency Futures)	(0.1)%
International Assets	46.3%
Equities	28.8%
Preference Shares & Other Securities	0.1%
Real Estate	0.7%
Bonds	12.5%
Cash	4.2%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	CPI +5%	Peer Group Average
Since Launch (unannualised)	1727.7%	869.3%	1091.8%
Since Launch (annualised)	13.9%	10.7%	11.7%
Latest 20 years (annualised)	13.5%	10.5%	12.0%
Latest 15 years (annualised)	11.3%	10.2%	9.8%
Latest 10 years (annualised)	7.2%	10.2%	6.7%
Latest 5 years (annualised)	8.6%	10.0%	7.1%
Latest 3 years (annualised)	12.7%	11.0%	11.5%
Latest 1 year	7.9%	10.5%	5.3%
Year to date	3.5%	9.0%	2.9%

TOP 10 HOLDINGS

As at 30 Sep 2023	% of Fund
Prosus	4.9%
Standard Bank Group Ltd	3.4%
British American Tobacco Plc	2.7%
Cie Financiere Richemont Ag	2.0%
Nedbank Group Ltd	1.9%
Anheuser-Busch Inbev SA/NV	1.9%
LIBERTY TWO DEGREES	1.9%
Anglo American Plc	1.8%
Atterbury Investment Holdings	1.8%
Naspers Ltd	1.7%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	11.1%	9.0%
Sharpe Ratio	0.56	0.46
Maximum Gain	36.7%	34.9%
Maximum Drawdown	(24.4)%	(22.4)%
Positive Months	64.6%	65.7%

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

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2023	02 Oct 2023	151.74	83.47	68.27
31 Mar 2023	03 Apr 2023	128.81	52.61	76.20
30 Sep 2022	03 Oct 2022	182.47	97.46	85.01
31 Mar 2022	01 Apr 2022	137.74	42.26	95.48

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2023	8.4%	(0.5)%	(3.2)%	1.8%	(0.9)%	2.7%	1.6%	0.9%	(3.3)%	(3.4)%			**3.5%**
Fund 2022	(1.4)%	0.9%	(0.5)%	(1.7)%	(0.1)%	(5.4)%	4.4%	(0.1)%	(3.5)%	4.4%	5.7%	(1.3)%	**0.9%**
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%**

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

Markets remained extremely volatile throughout this quarter as global markets digested the real possibility of higher interest rates for longer to deal with stickier inflation. Concerns about sovereign debt levels, both at home and abroad, also added pressure to longer-term interest rates. Ultimately, these rates impact all asset classes as they represent the benchmark risk-free rate used in the pricing of assets. The Fund eked out a small positive return for the quarter, bringing the one-year return to a very pleasing 16.7% – well ahead of inflation and ahead of the quantitative benchmark return.

The outperformance was driven by good asset allocation decisions, as well stock picking within the Fund's equity, bond, and property allocations. Periods of volatility should provide attractive opportunities for active managers, and this certainly has been the case over the past year, where some of the significant moves provided good entry points for longer-term investors.

Fund positioning

For many years, we have used a normal level of 4% for the US 10-year long bond. This is the base building block amongst almost all assets globally. For over a decade, rates have been well below this level, causing many shorter-term investors and capital allocators to misallocate based on the presumption that rates would remain this low for the foreseeable future. Now, for the first time since 2007, 10-year rates are sitting above 4%, and even close to 5%. After years of there being no alternatives to equities with which to achieve mid-single-digit returns in US dollars, the large and deep bond market now offers investors and savers a very real alternative, resulting in the reduction of a lot of speculative investing as there is a real cost attached to this activity.

We would caution that buying US Treasuries is by no means a slam dunk. The US is highly indebted, and the political ructions in a divided Congress have seen the risk of US default raised by rating agencies as the Democrats and Republicans tussle over the debt ceiling. The key point is that a significant guiding light in the valuation of all assets has changed significantly, and the impact has yet to be fully reflected across all asset prices.

The Fund did well over the past 12 months by increasing global exposure early in the financial year and benefiting from the recovery in global markets, driven by the peaking and decline in inflation rates. We have subsequently cut some of our offshore exposure, both through outright selling and also through buying of put protection. One of the peculiarities of equity markets is that as they trend upwards, the cost of buying protection (volatility) declines, making it cheaper to buy put protection when markets are highly priced.

We have increased our offshore exposure over the past year, but most of this has gone into the fixed income credit space. While sovereign bond yields have picked up, we remain concerned about levels of indebtedness. Counter to this, global corporate credit spreads remain wide, and with base rates having risen worldwide, we can identify attractive credit risk exposures, offering us yields in US dollars and euros close to 10%. We now have a diversified portfolio of credits, making up close to 10% of the Fund, offering very good returns and diversification away from pure South African (SA) risks.

In our domestic equity allocation, we have not cut the exposure, principally due to the upside returns we can identify from specific names on the JSE. The bias is still towards global businesses and resource companies whose drivers are not closely linked to the fate of the SA economy. As Eskom (still without a CEO after 10 months) and Transnet (now also without a CEO, but hopefully a competent replacement on the way) have dragged down the local economy, it is hard to find any reason that will see domestic businesses thrive. The only local businesses that are seeing growth are those that are replacing government services or facilitating companies that replace the services that the government used to provide. The local banks are a great example of this, as they are seeing very good asset growth for retail and corporate customers' financing of self-provide power.

We are still cognisant of valuation, and the market has taken down the value of many SA businesses to very low levels. Some of these will be 'value traps' where the business will continue to struggle with no top-line growth and the ongoing pressure from costs, while others will manage to defend their top line by taking market share and managing their costs. The latter will offer investors great returns as the market starts to differentiate between the winners and losers. We have taken advantage of this and have built up a portfolio comprising a number of smaller positions in domestic businesses that we think offer the prospect of decent returns.

These positions have been funded by selling down our exposure to the life companies. These companies bore the brunt of Covid costs during 2021 and 2022, resulting in short-term negative market price moves, which allowed us to build up significant positions at very attractive prices, generally at large discounts to their embedded value. As earnings have bounced back, we have seen a strong recovery in these share prices, and we have prudently cut back on these holdings.

While not having a large holding in domestic property, the Fund benefited from our two largest exposures in the property sector, both due to corporate activity. Our holding in L2D rallied strongly on the announcement of a takeout by Standard Bank, and our holding in Attacq benefited from the announced sale of a portion of its top-class Waterfall estate to the Government Employees Pension Fund. At the moment, we see some opportunities in the global property stocks listed in SA; they are trading on very attractive yields but aren't facing the same challenges as local landlords with high vacancies and double-digit administered costs.

Our holdings of domestic bonds have reduced as we funded the global bond positions referred to earlier. Local credit spreads and sovereign fiscal worries are keeping us away from the domestic markets as we don't think yields sufficiently reward investors for the inherent risks.

Outlook

A year ago, we certainly wouldn't have forecast the very strong return that the Fund managed to generate, even though we could see asset classes were cheap. Once again, we sit in a position where we can see significant upside in our portfolio holdings but have no foresight of what short-term market returns will bring. Yet, we are confident that over the longer term, the rebasing higher of global risk rates implicitly means better long-term returns for investors and savers in future.

Portfolio managers
Neville Chester, Nicholas Stein, and Nicholas Hops
as at 30 September 2023

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

BENCHMARK DETAILS

The benchmark used for performance purposes is the Consumer Price Index (CPI) + 5%.

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. 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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.