

## WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term investment growth from investing in a select group of South African listed industrial and consumer companies.

It seeks to outperform an index of industrial companies listed on the Johannesburg Stock Exchange (the JSE Industrial Index) over the longer term.

## WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in companies listed on the JSE, most excluding those involved in mining and financial services. It can invest in a wide range of industries, including technology, telecommunication, healthcare and consumer goods.

While the fund may not invest in foreign markets, it can have exposure to international companies that are listed in South Africa. 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

The fund's managers actively seek out attractively valued companies that could offer strong long-term growth.

Shares are selected following rigorous and independent research into the long-term potential of a company, and whether it is currently attractively valued relative to its sector.

Shares can be volatile investments and there is a meaningful risk of capital loss over the short term. However, given its focus on investing only in attractively valued shares that could offer long-term growth, the fund may preserve capital better than its benchmark over the long run.

The fund is concentrated and only invests in one sector of the market, making it riskier than a general equity fund.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of five years or more is therefore ideal.

## WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and

- ▶ want to diversify their investments to include exposure to a wide range of industrial companies;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ want to hold the Industrial Fund as one of multiple funds in their investment portfolio.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.00% (excl. VAT) is payable.

Fund expenses that are incurred in the fund include 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?



**GODWILL  
CHAHWAHWA**  
BCompt, CA (SA)  
CFA



**NICHOLAS  
HOPS**  
BBusSc, CFA

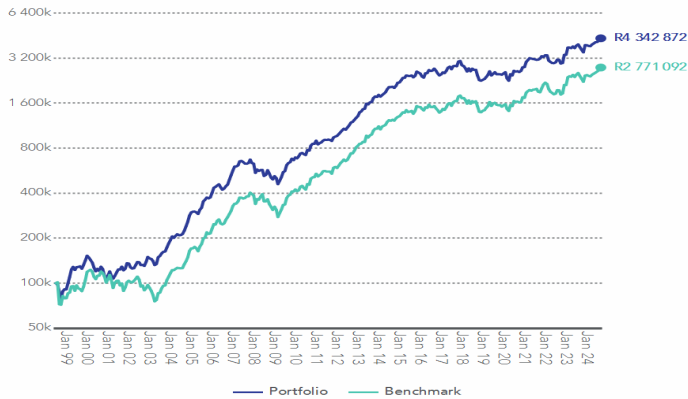
## GENERAL FUND INFORMATION

Launch Date	1 July 1998
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Industrial Index
ASISA Fund Category	South African – Equity – Industrial
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCGRO
ISIN Code	ZAE000019741
JSE Code	CNCG

CLASS P as at 31 August 2024

<b>ASISA Fund Category</b>	South African - Equity - Industrial
<b>Launch date</b>	01 July 1998
<b>Fund size</b>	R765.04 million
<b>NAV</b>	27561.58 cents
<b>Benchmark</b>	FTSE/JSE Industrial Index
<b>Portfolio manager/s</b>	Godwill Chahwahwa and Nicholas Hops

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.17%	1.17%
Fund expenses	0.03%	0.03%
VAT	0.15%	0.15%
Transaction costs (inc. VAT)	0.26%	0.21%
Total Investment Charge	1.43%	1.39%

**PERFORMANCE AND RISK STATISTICS****GROWTH OF A R100,000 INVESTMENT (AFTER FEES)****PORTFOLIO DETAIL****EFFECTIVE ASSET ALLOCATION EXPOSURE**

Sector	31 Aug 2024
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>99.6%</b>
Basic Materials	3.4%
Industrials	3.5%
Consumer Goods	11.8%
Consumer Services	36.9%
Telecommunications	7.4%
Financials	0.9%
Technology	35.8%
■ <b>Cash</b>	<b>0.4%</b>

**PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)**

	Fund	Benchmark	Active Return
Since Launch (unannualised)	4242.9%	2671.1%	1571.8%
Since Launch (annualised)	15.5%	13.5%	2.0%
Latest 20 years (annualised)	16.0%	16.4%	(0.4)%
Latest 15 years (annualised)	13.7%	14.0%	(0.4)%
Latest 10 years (annualised)	7.7%	8.4%	(0.6)%
Latest 5 years (annualised)	11.7%	12.2%	(0.5)%
Latest 3 years (annualised)	11.6%	13.3%	(1.7)%
Latest 1 year	14.7%	14.1%	0.6%
Year to date	11.2%	12.4%	(1.2)%

**TOP 10 HOLDINGS**

As at 30 Jun 2024	% of Fund
Naspers Ltd	26.0%
Prosus Nv	10.0%
Bid Corp Ltd	7.5%
British American Tobacco Plc	7.3%
Richemont	6.8%
Mondi Limited	4.4%
Aspen Phamacare Holdings Ltd	3.9%
Shoprite Holdings Ltd	3.9%
Anheuser-busch Inbev Sa/nv	3.9%
Advtech Ltd	3.5%

**RISK STATISTICS SINCE LAUNCH**

	Fund	Benchmark
Annualised Deviation	15.2%	17.3%
Sharpe Ratio	0.47	0.30
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	62.7%	62.7%

**INCOME DISTRIBUTIONS**

Declaration	Payment	Amount	Dividend	Interest
28 Mar 2024	02 Apr 2024	267.21	264.98	2.23
29 Sep 2023	02 Oct 2023	198.00	196.55	1.46
31 Mar 2023	03 Apr 2023	17.05	16.75	0.30
30 Sep 2022	03 Oct 2022	194.36	194.28	0.08

	Fund	Date Range
Highest annual return	68.0%	Jan 1999 - Dec 1999
Lowest annual return	(26.2)%	Dec 2017 - Nov 2018

**MONTHLY PERFORMANCE RETURNS (AFTER FEES)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2024	(1.1)%	(0.4)%	2.8%	1.6%	1.9%	0.4%	2.4%	3.2%					<b>11.2%</b>
Fund 2023	11.8%	0.0%	(0.9)%	2.6%	(2.6)%	3.9%	1.9%	(4.2)%	(3.9)%	(3.9)%	11.8%	(0.1)%	<b>15.9%</b>
Fund 2022	(0.1)%	(7.7)%	(2.2)%	(1.7)%	(0.3)%	1.2%	4.4%	(0.4)%	(5.5)%	0.8%	13.5%	0.1%	<b>0.7%</b>
Fund 2021	8.4%	2.6%	3.2%	(0.7)%	(0.6)%	(0.5)%	(0.8)%	0.3%	1.5%	3.9%	(1.2)%	2.6%	<b>20.2%</b>
Fund 2020	2.0%	(9.1)%	(3.6)%	10.6%	(2.0)%	7.6%	(1.4)%	0.7%	(1.3)%	1.7%	5.8%	0.2%	<b>10.3%</b>

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

### Performance

The Fund returned 3.9% for the quarter relative to the benchmark return of 5.2%. Since inception, the Fund generated an annualised return of 15.4%, some 2% ahead of the benchmark.

### Economic backdrop

After lagging in the first quarter of 2024, emerging markets fared better than developed markets over the three months to June with the MSCI Emerging Markets Index delivering 5% for the period. Within that grouping South Africa was strong, with the MSCI South Africa Index delivering a 13% US dollar return for the quarter (10% in ZAR). On the 29th of May, South Africans went to the polls to elect a new National Assembly and Provincial legislature, and for the first time, the ANC failed to achieve a majority and elected to form a Government of National Unity (GNU), which included the largest opposition party, the Democratic Alliance (DA), as well as the Inkatha Freedom Party (IFP), GOOD and the Patriotic Alliance (PA). Combined, these political parties control 273 seats, accounting for 68% of the seats in the National Assembly. This outcome was well received by the markets, and domestic assets rallied while the rand strengthened. Going forward, the GNU will still need to do a lot of work to deliver positive outcomes for the country and the ailing economy. Given the inherent instability around national unity governments and coalitions in general, the road ahead will likely be rocky, and it remains to be seen whether the GNU results in decision-making paralysis or the parties involved are able to work together constructively for the benefit of the country.

### Fund positioning and portfolio actions

Within the SA market, financials (+18%) rallied the strongest in the quarter, followed by industrials (+5%) and resources (+4%). The post-election rally was a key driver of negative relative returns for the quarter, with the Fund positioned in favour of global businesses listed in the SA market and a meaningful SA underweight. This is a position we continue to believe appropriate for the long term given the structural challenges facing an SA economy that is plagued by ageing infrastructure and under-investment. Poor municipal service delivery as well as ailing power, rail and water supply infrastructure, continue to increase the cost of doing business in SA. This is a major headwind to business profitability. We believe the rally we have seen in domestic stock prices in a more optimistic outlook for the SA economy relative to the past, something that will require significant turnaround in terms of delivery by the GNU, means that the margin of safety in domestic stocks is now low should this positive outlook fail to materialise.

While domestic SA stocks rallied, some of the global businesses listed in our markets declined to even more attractive valuation levels. One of these stocks is Bidcorp, a key holding in the Fund and a stock which declined 8% in the last quarter. Bidcorp is a food services business operating in 35 countries on five continents and has grown to become the largest global food services provider outside the US. They offer a one-stop supply solution for restaurants, food chains and hotel chains. The business benefits from scale and continues to grow both organically by capturing the secular shift to out-of-home consumption as well as by consolidating a fragmented industry. Bidcorp enjoys diversification across geography and product lines which helps cushion against weakness in a particular region. We believe Bidcorp's current valuation does not

adequately capture its long-term strong growth potential and the business, therefore, remains a very attractive long-term investment in our view.

Contributors to Fund performance relative to the benchmark included underweight positions in MTN and MultiChoice Group, as well as overweight positions in Lewis, SPAR and Grindrod. Significant detractors for the quarter included underweights in Bidvest, Clicks and Mr Price, as well as overweight holdings in BidCorp and Metair.

During the quarter, we added to holdings in Shoprite, Bytes Technology, Raubex, The Foschini Group and Nampak. These were funded from reductions in holdings of Prosus, Mondy, Anheuser-Busch InBev, British American Tobacco and Metair. The Bytes share price came under pressure in the quarter after an announcement that the CEO had made undisclosed trades in the company's shares. The investigation that followed resulted in the CEO leaving the group and being replaced, but importantly nothing emerged that impacted the underlying operations of Bytes or their outlook. We therefore used the opportunity to acquire a fast-growing business (as reinforced by their recently released full-year results) at a more attractive valuation. We picked up some construction exposure via Raubex, a well-managed construction company in a segment where many of their larger competitors fell away over the years when construction volumes declined. The amount of construction work available has returned to healthy levels, and Raubex is able to choose profitable projects at the right margins given that fewer competitors can compete for this work. Trading on a 7.6x forward multiple and a strong order book, we believe Raubex presents an attractive opportunity.

### Outlook

The elections in South Africa have come and gone, and it is now time for the GNU to knuckle down and get to the business of resolving the structural challenges that beset the SA economy. There are challenges in important areas such as power, ports, railways, logistics and water. These challenges will no doubt take time to address. The stability of the GNU will also be tested in the process. For this reason, we continue to favour global businesses listed in the SA market and combining these with high-quality South African businesses, which can deliver in what is likely to remain a low-growth SA economy.

### Portfolio managers

**Nicholas Hops and Godwill Chahwahwa**

as at 30 June 2024

**IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION INDUSTRIAL FUND**

The Industrial Fund should be considered a 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. Asset allocation and top 10 holdings are reflected on a look-through basis. 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](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 P 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.

**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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