

## 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

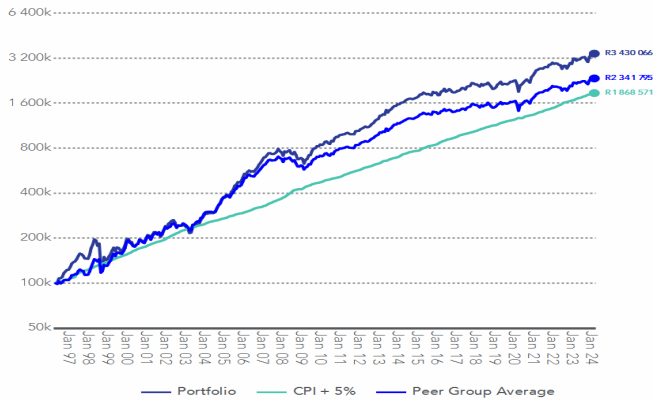
CLASS A as at 29 February 2024

<b>ASISA Fund Category</b>	South African – Multi-asset – High Equity
<b>Launch date</b>	15 April 1996
<b>Fund size</b>	R112.15 billion
<b>NAV</b>	14558.72 cents
<b>Benchmark</b>	ASISA fund category average (excluding Coronation funds)
<b>Portfolio manager/s</b>	Karl Leinberger and Sarah-Jane Alexander

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.66%	1.63%
Fund expenses	1.24%	1.24%
VAT	0.23%	0.20%
Transaction costs (inc. VAT)	0.19%	0.19%
Total Investment Charge	1.84%	1.82%

## 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)	3330.1%	1768.6%	2241.8%
Since Launch (annualised)	13.5%	11.1%	12.0%
Latest 20 years (annualised)	13.1%	10.5%	10.8%
Latest 15 years (annualised)	11.9%	10.2%	9.8%
Latest 10 years (annualised)	7.9%	10.1%	7.0%
Latest 5 years (annualised)	10.0%	10.1%	8.4%
Latest 3 years (annualised)	8.9%	11.1%	8.5%
Latest 1 year	8.0%	10.6%	6.7%
Year to date	2.0%	1.9%	0.6%

### RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	13.0%	10.3%
Sharpe Ratio	0.35	0.29
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	66.8%	64.7%

	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 2024	0.0%	2.0%											2.0%
Fund 2023	8.4%	0.1%	(3.1)%	1.7%	0.3%	2.5%	0.8%	0.4%	(4.2)%	(3.4)%	8.7%	2.6%	14.9%
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%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	29 Feb 2024
<b>Domestic Assets</b>	<b>52.2%</b>
■ <b>Equities</b>	<b>36.4%</b>
Basic Materials	4.7%
Industrials	0.4%
Consumer Goods	2.4%
Health Care	0.8%
Consumer Services	10.3%
Telecommunications	0.6%
Financials	9.3%
Technology	5.1%
Derivatives	2.9%
Unlisted	0.0%
■ <b>Real Estate</b>	<b>3.3%</b>
■ <b>Bonds</b>	<b>12.6%</b>
■ <b>Cash</b>	<b>(0.1)%</b>
<b>International Assets</b>	<b>47.8%</b>
■ <b>Equities</b>	<b>35.9%</b>
■ <b>Bonds</b>	<b>10.1%</b>
■ <b>Cash</b>	<b>1.9%</b>

### TOP 10 HOLDINGS

As at 31 Dec 2023	% of Fund
Naspers Ltd	3.3%
FirstRand Limited	2.8%
Cie Financiere Richemont Ag	2.8%
Standard Bank Of SA Ltd	2.5%
Capitec Bank Holdings Ltd	1.8%
Prosus Nv	1.7%
Mondi Limited	1.6%
Bid Corp Ltd	1.4%
Mtn Group Ltd	1.3%
Fortress Ltd	1.2%

### 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

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

### Performance

The Fund had a good year, returning 7.8% in the final quarter of 2023 (Q4-23) and 14.9% for the 12-month period. Both asset allocation and security selection contributed to this performance. The Fund has also performed well over more meaningful periods of time.

### Fund positioning

After rapid rate rises throughout 2022 and the first half of 2023, inflation in developed markets receded swiftly in Q4-23. Prospects of rate cuts into 2024 fuelled global markets in the last quarter, with the MSCI All Country World Index returning 11% in Q4-23 (to end the year up 22% in USD). Fears of a US recession were allayed by resilient labour markets and a robust consumer. Several high-profile bank failures were well-contained and did not lead to any broader systemic issues.

After steadily building exposure to global equities during the market sell-off of 2022, the Fund entered the 2023 calendar year overweight growth assets (and particularly global equities). This position has contributed meaningfully to performance. However, the extent of the market recovery in 2023 means that further upside in global equities will have to come from stock picking. Consequently, we have moderated the global equities position to reflect the likelihood of lower returns in the future.

The much-touted post-Covid Chinese recovery has disappointed with weaker-than-expected growth (MSCI China -4% in Q4-23 and -11% for the year in USD). Lower growth prospects and a weak real estate sector do, however, open the door to further stimulus in the year ahead. Notwithstanding the risks of investing in China, we believe a holding in the portfolio is warranted, given the very low prices at which many high-quality businesses trade.

Oil prices softened during 2023 (-10%) given weaker-than-expected demand, resilient supply out of Russia and stronger non-OPEC supply. The market is sceptical that OPEC can defend higher oil prices. To our surprise, the oil market comfortably absorbed a dramatic increase in tensions across the Middle East. Geopolitical uncertainty does, however, remain heightened, given the Middle East conflict, the ongoing Russia-Ukraine war and tensions between China and the US.

Bond yields retreated off their highs as inflation forecasts have receded. The Bloomberg Barclays Global Aggregate Bond Index (USD) returned 8% for the quarter (+6% for the year). The Fund has no exposure to developed market sovereign bonds given our view that yields offer insufficient compensation for heavily indebted sovereign balance sheets. However, the Fund has a sizeable holding in offshore credit bonds. These bonds trade on high single-digit US dollar yields. The basket of offshore credit offers diversified exposures across multiple geographies and sectors. We believe these holdings present a compelling alternative to the risks inherent in South African (SA) government bonds and the very narrow credit spreads in our domestic credit market. US and European High Yield credit bond indices posted strong returns in 2023 of 8.5% and 8.0%, respectively (in USD). Notwithstanding these returns, we continue to expect good returns through the remaining holding period.

In SA, the economic outlook remains constrained by failing infrastructure, a thinning talent pool and the rising costs of doing business. We, therefore, expect domestic inflation to be stickier than many expect it to be. Although lower levels of loadshedding should bring some relief for businesses, we don't believe that it will be sufficient to materially change the muted growth prospects for the domestic economy.

The FTSE/JSE All Bond Index delivered a return of 8% for the quarter (+10% for the year). We remain concerned about the sustainability of SA's high sovereign debt level, given the poor fiscal outlook and the inability of the government to reign in expenditure. Rising debt service costs, wage increases, ongoing bailouts of failing municipalities and State-owned enterprises, as well as social support in the form of grants all place a heavy burden on the fiscus. Despite high government bond yields, the Fund has an underweight position given the longer-term risks.

The currency weakened by -7% against the US dollar for the year, undermining the relative returns of the domestic asset classes when compared to the global alternatives.

The FTSE/JSE Capped Shareholder Weighted Index returned 8% for the quarter to also end the year up 8%. Amongst the domestic asset classes, the Fund favours SA equities. SA equities offer attractive return prospects and diversification away from a tough domestic economy given the high offshore exposure of many JSE-listed companies. 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. A slew of weak domestic results throughout 2023 illustrated the pain that comes when costs grow faster than the top line. We favour strong businesses that can grow faster than the underlying economy and can pass cost pressures on to customers.

The financial sector returned 12% for the quarter (+21% over 12 months). The Fund held a sizeable position in the SA banks during 2023 given their low ratings, high dividend yields, and the prospect of strong revenue growth supported by interest rate rises. This enabled our holdings to deliver earnings growth despite higher credit losses. Credit losses are expected to subside as the interest rate cycle turns. Given the attractive valuation of banks, we believe they continue to merit a place in the portfolio.

The resource sector returned 3% for the quarter to end the year down 12%. The Fund holds an underweight position in resources, given early profit-taking across most of the sector (diversified miners, PGM miners and gold shares). The long-term PGM outlook is bleak 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. Gold prices rose during the year (+13%), supported by central bank buying and heightened geopolitical uncertainty. The gold equities are discounting gold prices close to spot. Consequently, we do not believe they offer a sufficient margin of safety.

The Industrials Index rose 6% for the quarter (+17% for the year). The Fund's core holdings include many of the global stocks listed in SA: Naspers, Richemont, Aspen, Bidcorp, British American Tobacco, and Anheuser-Busch InBev. The Fund has been a long-term shareholder of Textainer, indirectly through a holding in Trenchor (of which Textainer was the major asset) and directly (post the 2020 unbundling). Coronation actively engaged with Trenchor management over many years to achieve the Textainer unbundling. It was pleasing to see recognition of the value that had been trapped in the Trenchor structure with the private equity offer for Textainer at a meaningful premium during Q4-23. The Fund exited its position on the back of this.

While the medium-term outlook for the property sector remains constrained, double-digit dividend yields have allowed us to add selected exposure through a few key stock picks.

### Outlook

Given the market strength in 2023 (and a particularly strong fourth quarter), market indices offer less upside. However, stock picking opportunities abound. We believe that a carefully selected portfolio of global equity and global credit holdings offers attractive risk-return benefits. These offshore holdings are supplemented by a basket of cheaply priced local assets. We believe that the Fund should continue to deliver attractive returns over the medium to longer term.

### Portfolio managers

**Karl Leinberger and Sarah-Jane Alexander**  
as at 31 December 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](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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