

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.

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

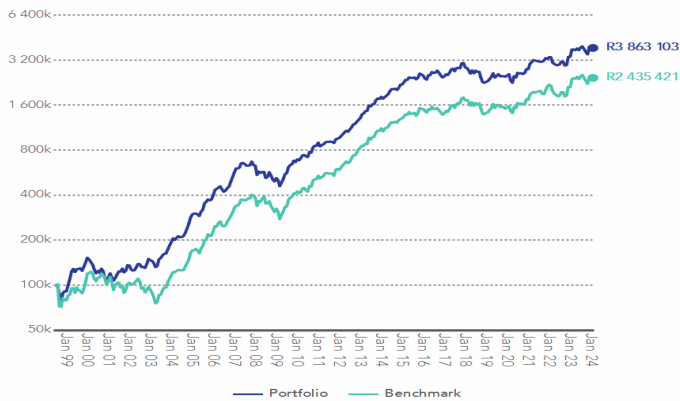
CLASS P as at 31 January 2024

ASISA Fund Category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R728.13 million
NAV	24779.34 cents
Benchmark	FTSE/JSE Industrial Index
Portfolio manager/s	Godwill Chahwahwa and Nicholas Hops

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.17%	1.17%
Fund expenses	0.03%	0.02%
VAT	0.15%	0.15%
Transaction costs (inc. VAT)	0.26%	0.22%
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 Jan 2024
Domestic Assets	100.0%
■ Equities	100.0%
Basic Materials	7.3%
Industrials	1.8%
Consumer Goods	14.3%
Health Care	3.1%
Consumer Services	34.8%
Telecommunications	6.6%
Technology	32.0%
■ Cash	0.0%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	3763.1%	2335.4%	1427.7%
Since Launch (annualised)	15.4%	13.3%	2.1%
Latest 20 years (annualised)	15.8%	16.1%	(0.3)%
Latest 15 years (annualised)	14.5%	14.7%	(0.2)%
Latest 10 years (annualised)	8.1%	8.6%	(0.5)%
Latest 5 years (annualised)	10.7%	11.1%	(0.4)%
Latest 3 years (annualised)	8.6%	9.0%	(0.4)%
Latest 1 year	2.5%	2.1%	0.4%
Year to date	(1.1)%	(1.2)%	0.1%

TOP 10 HOLDINGS

As at 31 Dec 2023	% of Fund
Naspers Ltd	22.3%
Prosus Nv	8.8%
Mtn Group Ltd	8.8%
Mondi Limited	8.0%
Cie Financiere Richemont Ag	7.1%
British American Tobacco Plc	7.1%
Bid Corp Ltd	6.4%
Anheuser-busch Inbev Sa/nv	4.8%
Woolworths Holdings Ltd	3.2%
Aspen Phamacare Holdings Ltd	3.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.4%	17.5%
Sharpe Ratio	0.45	0.28
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	62.2%	62.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
31 Mar 2022	01 Apr 2022	82.87	82.57	0.30

	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)%												(1.1)%
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)%	15.9%
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%	0.7%
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%	20.2%
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%	10.3%

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

Performance

The Fund returned 7.3% for the quarter, which brought the total return for 2023 to 15.9%, slightly behind the benchmark return of 16.6%. Since its inception, the Fund has generated an annualised return of 15.5%, which is 2.1% per annum ahead of the benchmark.

Fund positioning

Notable trades in the quarter were the selling to zero of our Textainer position on the back of a private equity takeout and the commensurate purchase of Richemont, which hit 2023 lows in the quarter. The top contributors in the quarter were Textainer and Dis-Chem Pharmacies. Leading detractors were a collection of SA Inc. focused shares, to which the Fund is underweight. Given the large rally in many SA Inc. shares over the last six months and the Fund's large underweight here, we take confidence from having been able to outperform the benchmark during this period.

The number one contributor to the Fund's relative performance over the last five years has been Textainer Group. Textainer is one of the largest shipping container lessors in the world and has long been available to South African investors through its holding company Trencor. Textainer was the primary asset in this vehicle, and it was unbundled to shareholders in 2020, allowing for direct exposure to the asset. Across many of our client portfolios, we have been long-term shareholders of Textainer, and walked a long road as the business was successfully turned around. The last few years of logistical bottlenecks were a boon to Textainer, as they were able to meaningfully extend the duration of their lease book while locking in high lease rates. As the leasing market cooled, they deployed excellent capital allocation and allowed the lease book to shrink while buying back shares and paying dividends. It was this textbook capital allocation and improved earnings stream that made the business attractive to a private equity buyer, with Stonepeak Partners paying \$50 per share in cash, a ~46% premium over the spot price and 7.7 times higher than its Covid lows. While the buyout price represented a small discount to our estimate of fair value, we felt the discounts available on alternative single-stock opportunities in our universe were high enough to warrant selling out of our stake.

In the previous quarter, we wrote about having reduced our relative underweight in Richemont. Conveniently, the Textainer buyout discussed above happened around the time when Richemont was trading at its lows for the year, down 35% from its peak in May. Richemont sold off along with the rest of the luxury sector as concerns around a cyclical slowdown gathered pace. We view Richemont as an exceptionally high-quality business with great brands, strong cash conversion and a fortress balance sheet. Short-term cyclical slowdowns often provide excellent opportunities for long-term investors willing to stomach near-term pain. Richemont was trading on a PE of less than 14 times when we went overweight (or ~12 times when excluding the cash on its balance sheet). The long-term opportunity for luxury goods to continue growing remains as the number of aspirational consumers increase and the brands invest heavily in marketing and distribution. Richemont's primary value driver is jewellery, where the opportunity for 8%-10% organic revenue growth exists going forward. Their premier brand, Cartier, is the leader in branded luxury jewellery, growing its share within the total luxury jewellery market. Jewellery remains the luxury market with the lowest branded share, and while this has been changing, we believe the long-term

potential for increased branded share is great. Richemont owns the winning brand in a winning sector, and we believe this is not reflected in the current spot price.

At the end of 2023, the Chinese government released draft regulations on the Chinese gaming sector to which the market responded very negatively. The bulk of the document contained little new information, but there was vague language discussing potential spending caps on a per-user base that spooked the market. Given the massive current pessimism towards Chinese assets and the last few years of volatile regulations, we saw an outsize share price move, with Prosus dropping 17% on the day. The share price has since recovered about half of these losses. Importantly, the regulations are in draft form only, and after the initial release, there have been several supportive communications from the government highlighting this fact as well as support for the sector. Tencent believes there will be minimal impact on their business, and as the share sold off the business increased the pace of its buyback programme materially. Prosus/Naspers remains the fund's largest absolute position, and we continue to believe it is very attractively priced.

Outlook

Despite a strong year from an absolute return perspective, we continue to believe the shares held in the Fund are attractively valued. We remain underweight domestic stocks given the challenging economic conditions, which are reflected in the earnings outlook for these businesses. The exposure we have to the South African economy is in select businesses where we believe they can deliver value for shareholders despite the tepid outlook. Valuations are not extreme enough given the risks, and there are ample stock-picking opportunities in the global stocks that are listed on the JSE.

Portfolio managers

Nicholas Hops and Godwill Chahwahwa
as at 31 December 2023

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; 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

IMPORTANT INFORMATION REGARDING TERMS OF USE

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