

## WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in the financial services industry. It seeks to outperform an index of financial companies listed on the Johannesburg Stock Exchange (the JSE Financial Index) over the longer term.

## WHAT DOES THE FUND INVEST IN?

The Financial Fund primarily invests in the shares of companies listed on the Johannesburg Stock Exchange but can also invest in international equities.

The fund will remain fully invested in listed companies that earn a significant portion of their earnings from financial services. These include banks, insurance companies and related businesses.

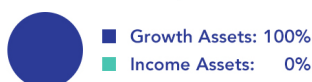
The fund is mandated to use derivative instruments for efficient portfolio management purposes.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

### Risk Profile



### Maximum growth/ minimum income exposures



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

Shares are selected following rigorous 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 who

- want to diversify their investments to include specific exposure to banks, insurers and related businesses;
- believe that the financial sector offers compelling value;
- accept that the fund may underperform the broader market significantly in the short term as a result of its sector focus;
- seek to hold the Financial Fund as one of multiple funds in their investment portfolio.

## 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 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?



**NEILL  
YOUNG**  
BBusSc (Hons Fin), CA  
(SA), CFA



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

## GENERAL FUND INFORMATION

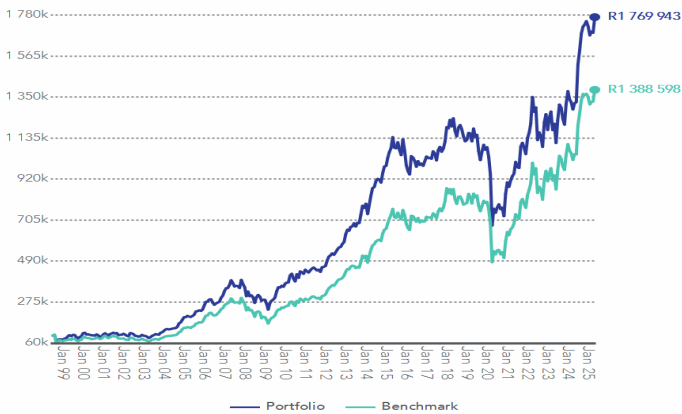
Launch Date	1 July 1998
Fund Class	A
Benchmark	FTSE/JSE Financials ex Real estate Index
ASISA Fund Category	South African – Equity – Financial
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORFING
ISIN Code	ZAE000019766
JSE Code	CNFG

CLASS A as at 30 April 2025

ASISA Fund Category	South African - Equity - Financial
Launch date	01 July 1998
Fund size	R397.57 million
NAV	7462.72 cents
Benchmark	FTSE/JSE Financials (ex Real estate) Index
Portfolio manager/s	Neill Young and Godwill Chahwahwa

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1669.9%	1288.6%	27.5%
Since Launch (annualised)	11.3%	10.3%	1.0%
Latest 20 years (annualised)	11.6%	12.1%	(0.5)%
Latest 15 years (annualised)	10.0%	11.3%	(1.3)%
Latest 10 years (annualised)	4.5%	6.1%	(1.7)%
Latest 5 years (annualised)	18.3%	20.7%	(2.4)%
Latest 3 years (annualised)	11.6%	13.7%	(2.1)%
Latest 1 year	34.3%	32.1%	2.2%
Year to date	2.8%	2.8%	0.0%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	19.7%	20.9%
Sharpe Ratio	0.15	0.09
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(45.4)%	(45.3)%
Positive Months	59.3%	59.6%

	Fund	Date Range
Highest annual return	63.0%	Aug 2004 - Jul 2005
Lowest annual return	(39.5)%	Apr 2019 - Mar 2020

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	(2.8)%	1.2%	(0.4)%	4.9%									2.8%
Fund 2024	(3.2)%	(1.0)%	(2.9)%	2.5%	0.5%	14.9%	4.9%	5.5%	2.1%	0.7%	1.0%	(1.6)%	24.6%
Fund 2023	5.6%	2.5%	(7.6)%	2.9%	(8.4)%	10.8%	6.7%	(1.2)%	(4.5)%	(2.5)%	9.2%	5.0%	17.3%
Fund 2022	2.7%	4.1%	11.4%	(5.8)%	1.9%	(13.2)%	3.6%	(2.0)%	(4.6)%	11.8%	3.5%	(6.6)%	3.9%
Fund 2021	(2.6)%	3.7%	2.5%	1.5%	6.5%	(2.7)%	(0.5)%	11.5%	1.8%	(2.4)%	(3.0)%	7.8%	25.5%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.47%	1.47%
Fund expenses	1.24%	1.23%
VAT	0.05%	0.05%
Transaction costs (inc. VAT)	0.19%	0.18%
Total Investment Charge	0.12%	0.16%
	1.60%	1.63%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Apr 2025
Domestic Assets	98.2%
Equities	97.3%
Consumer Goods	2.0%
Financials	95.4%
Cash	0.9%
International Assets	1.8%
Equities	1.8%
Cash	0.0%

TOP 10 HOLDINGS

As at 31 Mar 2025	% of Fund
FirstRand Limited	21.8%
Standard Bank Of SA Ltd	18.3%
Capitec Bank Holdings Ltd	10.9%
Sanlam Life Assurance Limited	8.1%
Nedbank Ltd	7.3%
Discovery Holdings Ltd	6.4%
Outsurance Group Ltd	4.9%
Investec Limited	4.6%
Absa Group Limited	3.5%
Quilter	3.4%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2025	01 Apr 2025	30.94	30.42	0.52
30 Sep 2024	01 Oct 2024	161.68	160.13	1.54
28 Mar 2024	02 Apr 2024	83.65	82.94	0.71
29 Sep 2023	02 Oct 2023	180.39	179.14	1.24

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

## Performance

In a negative quarter for financial shares, the Fund returned -2.0%. The 12-month return remains strongly positive at 31.3%, ahead of its benchmark. Since inception, the Fund returns have compounded at 11.1% per annum, 1% ahead of the benchmark.

The first seven weeks of 2025 continued the trend of the year before: US exceptionalism propelling global equity markets further upwards, buoyed by expectations of a Trump administration creating a more business-friendly environment and driving a significant reset in the precarious US fiscal position. Some cracks began to emerge with the release of the Chinese open-source AI model DeepSeek-R1 in late January, and concerns escalated regarding the on-again off-again imposition of tariffs on Mexico, Canada and China during February. By the end of the quarter, the early gains had unwound, with the S&P 500 declining 4% and the ACWI down 1% despite European and emerging markets delivering positive returns. (This was, of course, simply a foretaste of what would come on Liberation Day – more of which in our Outlook.)

The domestic equity market delivered a positive return for Q1 with the SWIX All Share ending up 6%. This was primarily driven by the precious metal stocks responding to a gold price surging above \$3 000/oz as well as gains in some of the JSE-listed global stocks, while the share prices of businesses exposed to the domestic economy declined, reflecting concerns over an increasingly strained GNU amid a failed budget. The Financial Index declined 2% with banks and life insurers both down 2%, while non-life insurers rose 3%.

Contributions to Fund performance relative to benchmark included the Fund's holding in St. James' Place, underweight positions in Absa and Old Mutual, and overweight positions in Standard Bank and OUTsurance. Detractors included underweight positions in Remgro and Momentum Metropolitan, and overweight positions in PSG Konsult and FirstRand.

## Portfolio actions and fund positioning

March saw all the banks and the insurers reporting results. Bank results were largely in line with market expectations. Advances growth remains lacklustre in a low-growth economy and continues to be led by corporate lending, which is largely energy related. Some margin pressure is evident, reflecting competition on both the asset and liability side of the balance sheet, and costs were generally well controlled. The principal driver of results was a decline in credit loss ratios, reflecting the lower inflation and interest rate environment, a trend which is expected to continue.

Life insurance companies generally reported strong results, in line or ahead of expectations. Results were characterised by strong cash conversion, high levels of investment returns, generally positive experience variances and strong capital positions. P&C insurers have benefited from benign weather conditions and strong pricing, resulting in a recovery in underwriting margins.

We have not made extensive changes to the Fund positioning during the quarter. The holding in FirstRand was increased slightly, while small reductions were made to holdings in Discovery, Santam and OUTsurance, and the position in Reinet was exited. At quarter end, the Fund is overweight wealth managers and short-term insurers, on-weight banks and underweight life insurers.

## Outlook

On 2 April, markets were delivered a double-blow: Trump's logic-defying tariff announcement, and the news that the ANC had collaborated with parties outside of the GNU to secure approval of the fiscal framework, thereby further jeopardising an increasingly strained relationship with the DA.

The Liberation Day tariffs are to our minds nonsensical, and the escalating risk of a trade war has the potential to undermine not just global trade but also threatens the monetary and geopolitical order. The crude calculations used to arrive at the draconian outputs demonstrate the haste and lack of foresight that has gone into policy formulation:

- There is no cognisance of one of the most fundamental principles of trade economics – comparative advantage.
- There appears to be no appreciation that a current account deficit is a function of a capital account surplus – i.e., the US is dependent on foreign nations' savings to augment their own low savings rate.
- The tariffs only take into account trade in goods and not services, where in many cases the US runs a surplus.

The immediate implication of all of this is clearly a rise in prices – i.e., higher inflation. But it is also very likely to lead to lower growth, and the risk of recession has undoubtedly risen. The policy will result in increased uncertainty amongst capital allocators. The likelihood of significant domestic re-industrialisation is low with only a four-year presidential window ahead. At an aggregate level, the US economy was in good shape with low levels of unemployment – this was not a problem in need of a solution. Whether or not this is intended as an extreme opening position in negotiations remains to be seen, but reciprocal tariffs have been announced by China, and an escalation seems likely.

Domestically, the GNU has been on unstable footing since February when the DA refused to back a budget containing a 2% VAT increase. There has clearly been an escalating level of distrust between the ANC and the DA since, and while at the time of writing it appears as if the coalition may just hold, the relationship between the two major parties has deteriorated to a level where they seem unable to row in the same direction. This bodes poorly for future policy formulation and execution, and our cautiously optimistic stance on SA expressed in December has moved more towards the cautious end of that view.

The confluence of these events sent equity markets tumbling, and domestic bonds and the rand have sold off heavily. At the time of writing, the S&P 500 is almost 20% lower than its 19 February highs (although still only slightly negative over 12 months) and the rand is hovering close to R20/\$.

Events such as these always present challenges, but indiscriminate sell-offs most often provide an opportunity to buy assets at attractive prices, which in turn lays the foundation for superior long-term return generation. We have been active in the Fund in the days subsequent to these events. Despite what is shaping up to be a more challenging economic backdrop, we have been able to take advantage of what we consider to be pockets of compelling value on offer.

## Portfolio managers

**Neill Young and Godwill Chahwahwa**

as at 31 March 2025

#### IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION FINANCIAL FUND

The Financial 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. The fund is mandated to invest 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. 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.

#### 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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