CORONATION BALANCED PLUS FUND

Fund Information as at 30 June 2023

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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

6/10
Moderate

Maximum growth/
minimum income exposures

Growth Assets: 85%
Income Assets: 15%

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 0.85% (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

WHO ARE THE FUND MANAGERS?

KARL LEINBERGER
BBusSci, CA (SA), CFA

SARAH-JANE ALEXANDER
BBusSc, CFA

GENERAL FUND INFORMATION

Fund Launch Date	15 April 1996
Fund Class	P (previously class B4)
Class Launch Date	2 April 2012
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)
Bloomberg Code	CBALDB4
ISIN Code	ZAE000165205
JSE Code	CBFB4

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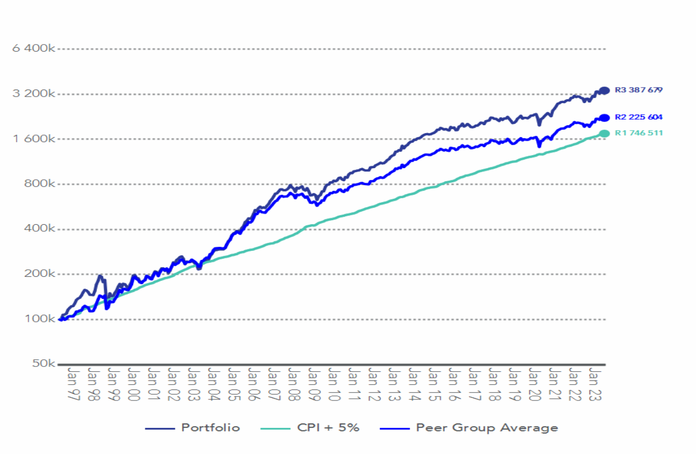
ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	02 April 2012
Fund size	R107.81 billion
NAV	13843.38 cents
Benchmark	ASISA fund category average (excluding Coronation funds)
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

	1 Year	3 Year
Total Expense Ratio	1.16%	1.18%
Fund management fee	0.84%	0.84%
Fund expenses	0.19%	0.21%
VAT	0.13%	0.13%
Transaction costs (inc. VAT)	0.19%	0.20%
Total Investment Charge	1.35%	1.38%

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)	3287.7%	1646.5%	2125.6%
Since Launch (annualised)	13.8%	11.1%	12.1%
Latest 20 years (annualised)	14.2%	10.5%	11.6%
Latest 15 years (annualised)	10.7%	10.3%	8.3%
Latest 10 years (annualised)	9.3%	10.2%	7.9%
Latest 5 years (annualised)	9.0%	9.9%	7.5%
Latest 3 years (annualised)	14.1%	10.9%	11.3%
Latest 1 year	19.2%	10.4%	14.6%
Year to date	10.2%	5.0%	7.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	13.0%	10.3%
Sharpe Ratio	0.37	0.30
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	66.9%	65.0%

	Fund	Date Range
Highest annual return	49.3%	Aug 2004 - Jul 2005
Lowest annual return	(17.4%)	Sep 1997 - Aug 1998

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2023
Domestic Assets	52.7%
Equities	35.4%
Basic Materials	4.9%
Industrials	1.0%
Consumer Goods	2.7%
Health Care	0.8%
Consumer Services	7.0%
Telecommunications	1.4%
Financials	9.0%
Technology	4.8%
Derivatives	3.9%
Unlisted	0.0%
Real Estate	2.6%
Bonds	12.9%
Commodities	0.3%
Cash	1.5%
International Assets	47.3%
Equities	38.3%
Preference Shares & Other Securities	0.0%
Real Estate	0.1%
Bonds	6.4%
Cash	2.4%

TOP 10 HOLDINGS

As at 30 Jun 2023	% of Fund
Prosus Nv	3.1%
Standard Bank Of SA Ltd	2.9%
FirstRand Limited	2.6%
Cie Financiere Richemont Ag	1.9%
Glencore Plc	1.9%
Anglo American Plc	1.7%
Naspers Ltd	1.5%
Fortress Ltd	1.4%
Mtn Group Ltd	1.4%
Anheuser-busch Inbev Sa/nv	1.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2023	03 Apr 2023	160.40	45.06	115.34
30 Sep 2022	03 Oct 2022	214.12	92.83	121.29
31 Mar 2022	01 Apr 2022	169.63	58.31	111.32
30 Sep 2021	01 Oct 2021	225.97	97.79	128.18

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2023	8.5%	0.1%	(3.0)%	1.7%	0.3%	2.5%							**10.2%**
Fund 2022	(1.8)%	0.9%	(0.3)%	(1.9)%	(0.6)%	(5.5)%	4.9%	0.2%	(4.2)%	4.5%	4.3%	(1.4)%	**(1.5)%**
Fund 2021	3.8%	4.1%	0.9%	1.8%	0.4%	(0.5)%	2.1%	1.0%	(0.6)%	4.0%	0.3%	2.9%	**22.0%**
Fund 2020	0.8%	(5.6)%	(11.0)%	10.1%	1.5%	2.9%	2.6%	2.4%	(2.2)%	(2.6)%	8.9%	2.9%	**9.4%**
Fund 2019	2.2%	4.1%	2.1%	2.5%	(4.3)%	1.5%	(0.2)%	(0.6)%	1.7%	2.4%	0.0%	1.5%	**13.3%**

Issue date: 2023/07/14

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 discounted class of the Fund.

Performance

The Fund returned 4.6% for the quarter (Q2-23), benefiting from its meaningful exposure to offshore equities and fixed income positions that were acquired during 2022. The Fund has performed well against its peer group over all meaningful time periods.

Fund positioning

Global markets have delivered a strong performance year to date (YTD), with the MSCI All Country World Index up 14% YTD (+6% for the quarter). Fears of a US recession are receding in the face of robust employment data and resilient consumer demand. The S&P 500 Index rose 9% for the quarter (and is now up 17% YTD) to end the quarter at a level that is within 10% of its December 2021 high. The relaxation of prudential limits in 2022 (which enabled an increase in the Fund's maximum offshore allocation to 45%) allowed the Fund to build a much bigger position in offshore assets than it has been able to in the past. We took full advantage of market weakness during 2022 to build a sizeable position in global equities. The extent of the market recovery means that upside largely lies in stock picking from here. The much-touted post-covid Chinese recovery has disappointed. Weaker-than-expected Chinese growth has resulted in softer commodity prices. Oil too was lower, despite OPEC's efforts to reduce supply.

Central banks continued to raise rates during the quarter given persistently high inflation. Although the US Federal Reserve Board announced a pause in the rate hiking cycle in June (as inflation moderated), further increases are likely. The Bloomberg Barclays Global Aggregate Bond Index declined -1.5% for the quarter (up 1.4% YTD). Bond yields are closer to normal levels, but still offer inadequate compensation for heavily indebted sovereign balance sheets, in our opinion. The Fund has no exposure to developed market sovereign bonds. This is consistent with its positioning for many years. Unlike the narrow credit spreads in South Africa (SA), global credit bonds offer more attractive pricing, and we hold a basket of credit names trading on high single-digit US dollar yields.

In SA, the FTSE/JSE Capped Shareholder Weighted Index returned 1% for the quarter (+4% YTD). The pricing of SA equities remains attractive, with broad value across resources, global stocks listed on the JSE, and domestics. The SA economy continues to face numerous headwinds as declining infrastructure (including power, water, and rail) and services undermine productivity and growth. These challenges, combined with foreign policy missteps, undermined the currency (which weakened 6% against the USD for the quarter and by 10% YTD). The sustainability of the reduced levels of loadshedding in the last few weeks is uncertain. Planned maintenance is running below what we believe is required. Challenging production, combined with falling prices of key metals (coal and Platinum Group Metals [PGMs]), will weigh on export revenues in 2023. The long-term fiscal outlook has deteriorated meaningfully in the face of structural revenue pressures, the rising costs of servicing debt, wage/salary increases, and bailouts for municipalities and State-owned enterprises.

The FTSE/JSE All Bond Index delivered a return of -2% for the quarter (+2% YTD). Despite high government bond yields, the Fund has reduced its holding in government bonds and is meaningfully underweight the asset class. We are very concerned about the sustainability of the SA sovereign's level of indebtedness. Economic growth is poor, indebtedness has increased meaningfully since pre-pandemic levels, deficits cannot be reduced without significant socio-political consequences and debt servicing costs are consuming an ever-increasing portion of expenditure. Part of our bond holding sits in inflation-linked bonds that offer protection from sticky domestic inflation (exacerbated by rising costs of production).

Within the domestic universe, considered stock picking is required to identify businesses that can deliver real earnings growth despite the subdued growth outlook and rising costs of doing business. A slew of weak results across the retailers has illustrated the pain that comes when costs grow faster than the top line. We favour companies with strong business models that can grow faster than the underlying economy and can pass cost pressures on to customers.

The financial sector returned 6% for the quarter (+6% YTD). The Fund has a sizeable holding in the banks, given their low ratings and attractive high single-digit dividend yields. This is further supported by good capital positions. Although they are exposed to the tough consumer environment, conservative advances growth into this cycle and high levels of provisioning should mitigate credit losses. The banks also benefit (to varying degrees) from higher interest rates on lazy deposits and capital. Corporate lending is expected to bolster revenues.

The resource sector was down -6% for the quarter (-11% YTD). Slower global growth and weaker-than-expected Chinese demand have resulted in market imbalances and price declines across many commodities. The Fund cut its resources exposure meaningfully over the last two years as we exited PGMs and gold shares and took profits on the diversified miners. The underweight position in PGMs has benefited the Fund over this period, although the gold underweight has detracted. The long-term outlook for PGMs has deteriorated as electric vehicle adoption accelerates and local producers battle rising costs of production. We have no exposure to pure play PGM producers.

Domestic gold producers have also battled rising production costs over time. AngloGold's recent operational performance was disappointing in this regard. We don't believe that the ratings of the SA gold shares offer a sufficient margin of safety for the short life, high-cost nature of their assets. The bulk of our resource exposure sits in Glencore, Anglo American, and energy names. The diversified miners offer attractive free cash flow streams, even at more normal commodity prices, and we have maintained a reasonable holding. We expect energy markets to be tight over the medium term as demand remains robust during the transition to lower carbon energy sources and the lack of investment in new capacity over the last few years constrains supply. We have diversified our energy holdings across a global basket of names to reduce company-specific risk.

The Industrials Index rose 3% for the quarter (+17% YTD), led by many of the global stocks listed in SA. Richemont, Aspen, Bidcorp, and Anheuser-Busch InBev are all meaningful holdings that have contributed to the Fund's YTD performance. Naspers/Prosus remains a sizeable holding in the Fund. We were pleased by recent management actions that, once again, illustrated their commitment to narrowing the discount and maximising shareholder value. As part of the recent results, management announced the simplification of its corporate structure, which involves removing the previously created cross shareholdings. This cross shareholding created complexity and most likely contributed to the persistent discount to net asset value. This simplification also removed any constraints to Naspers's ongoing share buyback programme, which continues to create shareholder value at both Prosus and Naspers on a daily basis.

The portfolio has limited property exposure, preferring to use its risk budget in equities. The property sector has lagged equities (five-year -5% CAGR). A weak economy, nodal decay, and chronic cost pressures undermine the medium-term outlook.

Outlook

While headwinds exist in both global and domestic markets, we believe growth assets (enhanced by good stock picking) offer the best medium-term returns. A diversified portfolio of global equity (and some global credit) should provide attractive risk-return benefits, supplementing a basket of cheaply priced local equities.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 30 June 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) (FSP 548) Ltd, 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. Class A NAV prices were used for the period prior to the launch of Class P. 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

IMPORTANT INFORMATION REGARDING TERMS OF USE

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