CORONATION BALANCED PLUS FUND

Fund Information as at 30 April 2024

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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

CORONATION BALANCED PLUS FUND

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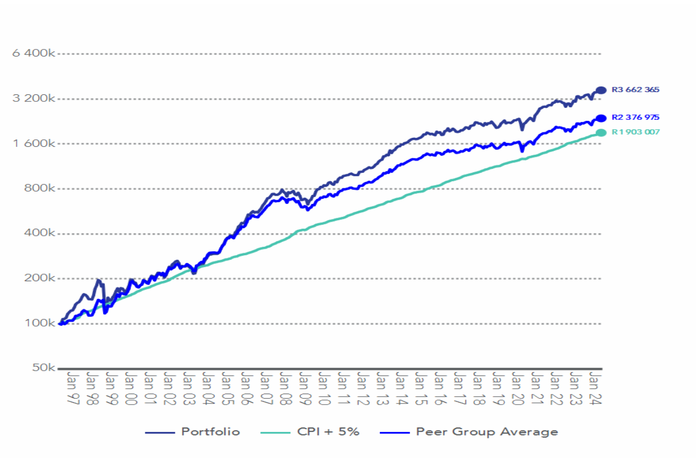
CLASS P as at 30 April 2024

ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	02 April 2012
Fund size	R112.18 billion
NAV	14618.89 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	1.20%	1.17%
Fund management fee	0.84%	0.84%
Fund expenses	0.23%	0.20%
VAT	0.13%	0.13%
Transaction costs (inc. VAT)	0.18%	0.19%
Total Investment Charge	1.38%	1.36%

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)	3562.4%	1803.0%	2277.0%
Since Launch (annualised)	13.7%	11.1%	12.0%
Latest 20 years (annualised)	13.4%	10.5%	10.9%
Latest 15 years (annualised)	11.9%	10.2%	9.6%
Latest 10 years (annualised)	8.3%	10.0%	6.9%
Latest 5 years (annualised)	9.8%	10.1%	7.9%
Latest 3 years (annualised)	8.9%	11.0%	8.0%
Latest 1 year	11.2%	10.3%	7.5%
Year to date	3.2%	3.8%	2.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	13.0%	10.2%
Sharpe Ratio	0.37	0.29
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	67.0%	64.9%

	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 Apr 2024
Domestic Assets	55.6%
Equities	39.9%
Basic Materials	5.9%
Industrials	0.4%
Consumer Goods	2.5%
Health Care	1.2%
Consumer Services	8.6%
Telecommunications	0.7%
Financials	9.9%
Technology	6.2%
Derivatives	4.4%
Unlisted	0.0%
Real Estate	3.4%
Bonds	11.8%
Cash	0.5%
International Assets	44.4%
Equities	33.2%
Bonds	10.7%
Cash	0.6%

TOP 10 HOLDINGS

As at 31 Mar 2024	% of Fund
Naspers Ltd	3.5%
Cie Financiere Richemont Ag	3.0%
FirstRand Limited	2.1%
Capitec Bank Holdings Ltd	2.0%
Bid Corp Ltd	1.8%
Mondi Limited	1.6%
Dis-chem Pharmacies Ltd	1.6%
Prosus Nv	1.4%
British American Tobacco Plc	1.3%
Anglogold Ashanti Ltd	1.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
28 Mar 2024	02 Apr 2024	135.44	55.14	80.30
29 Sep 2023	02 Oct 2023	190.59	87.12	103.47
31 Mar 2023	03 Apr 2023	160.40	45.06	115.34
30 Sep 2022	03 Oct 2022	214.12	92.83	121.29

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2024	0.0%	2.0%	1.0%	0.1%									**3.2%**
Fund 2023	8.5%	0.1%	(3.0)%	1.7%	0.3%	2.5%	0.8%	0.5%	(4.2)%	(3.4)%	8.8%	2.7%	**15.5%**
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%**

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

Performance

The Fund returned 3.1% for the first quarter of 2024 (Q1-24) and 13.0% for the 12 months. Both asset allocation and security selection contributed to the performance. The Fund has also performed well over more meaningful periods.

Fund positioning

Markets continue to hit record highs despite interest rate cuts being pushed further out. The MSCI All Country World Index returned 8% for Q1-24 after rising 22% (in USD) in 2023. US growth has remained resilient thus far, shrugging off concerns that rapid rate rises would induce a recession. Despite elevated market levels, there remains a big value dispersion, both regionally and even within markets. The 10 largest US stocks now comprise more than a third of the S&P 500 Index's total market capitalisation. While we have marginally trimmed global equity exposure to reflect higher market levels, we believe conditions remain ripe for good stock picking opportunities given these divergences.

China is struggling to restore growth to its prior pace in the face of high debt levels, a weak property market, and a demographic headwind. 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.

Geopolitical tensions remain heightened with the ongoing Russian shelling of Ukraine, a tenuous US-China relationship, and the risk of broader Middle East contagion. Half of the world's population goes to the polls in 2024 (including SA during Q2 and the US later in the year). The US outcome could have major ramifications for its allies. Nations such as Australia and Germany are already increasing their military spending. Against this backdrop, we have seen rising prices for a traditional safe haven like gold (+8%) and in oil (+14%). (Both figures are for the quarter in USD.)

Having finished Q4-23 strongly (+8%), the Bloomberg Barclays Global Aggregate Bond Index (USD) declined -2% for the quarter. 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, which we topped up during the quarter. These bonds trade on attractive, high single-digit US dollar yields while offering diversified exposure across multiple geographies and sectors. This presents a compelling alternative to the risks inherent in South African (SA) government bonds and the very narrow credit spreads in our domestic credit market. Given the compelling alternatives, we continue to make full use of the Fund's offshore capacity.

The SA economic outlook remains constrained. The state of infrastructure continues to slide after decades of underinvestment and mismanagement. Growing water shortages warn of a pending crisis. The poor performance of port and rail assets is further undermining the competitiveness of important export sectors like mining. In short, the much-anticipated relief from lower levels of loadshedding in 2024 has been overshadowed by ongoing decay elsewhere. Elections in May 2024 bring further uncertainty as to the extent of support for the ruling party and what a potential coalition government could look like. Our base case remains a low-growth environment with ongoing infrastructure challenges.

The FTSE/JSE All Bond Index declined -2% for the quarter. While the finance minister delivered a good-enough looking budget, we fear this was supported by over-optimistic assumptions on both revenues and cost containment. In this low-growth environment, government revenues remain under pressure while it is also struggling to reign in expenditure.

A drawdown of SA's gold and foreign reserves account will deliver near-term benefits but does not change a deteriorating trajectory. Given the longer-term risks, the Fund is underweight in government bonds. A reasonable portion of the fixed income allocation is in inflation-linked bonds (ILBs). We believe forgoing some nominal (fixed) yield is justified for the protection offered by ILBs in the case of higher inflation. This scenario is easy to sketch, given rising production costs, fiscal challenges, and a weak currency. The currency weakened by -2% against the USD for the quarter (-5% over 12 months). This further erodes the relative returns of the domestic asset classes when compared to the global alternatives.

The local market has been weak, with the FTSE/JSE Capped Shareholder Weighted Index returning -2% for the quarter and 3% for the year. Pleasingly, the Fund was able to supplement low market returns in this period with strong alpha over the quarter and year, respectively. The Fund favours SA equities within the domestic asset classes, given the high offshore exposure of many JSE-listed companies and attractive return prospects. Fund holdings include global stocks listed on the JSE and selected resources and domestic stocks. Domestic stocks offer good opportunities for stock picking, but avoiding value traps is critical. The gap between winning and losing domestic businesses is widening. Winning businesses are investing in their franchises and can grow their top lines above costs. We have a strong preference for the winners and believe that perceived value in many of the weaker, low PE (price-to-earnings) businesses will prove to be illusory. This has been extremely stark in a sector like food retail.

Investor concerns about the SA outlook were reflected in the weak performance of the financial sector with its heavy domestic exposure. The Financials Index declined -8% for the quarter (still +12% over 12 months) as banks and insurers came under pressure. For the banks, low economic growth is subduing advances growth across both the corporate and retail sector while credit losses remain elevated. We believe the winning banks merit a position within the portfolio as their ability to grow real earnings over the medium term should deliver good returns. The Fund has a position in both FirstRand and Capitec.

The resource sector declined -2% for the quarter (and is down -9% over 12 months). The Fund holds an underweight position in resources, given early profit-taking across most of the sector (especially diversified and PGM miners). Performances within the sector varied widely, with the gold companies meaningfully outperforming PGM shares, diversified miners, and Sasol. The Fund has benefited from low holdings across the underperforming sectors. The gold price has strengthened in the face of heightened geopolitical uncertainty and ongoing polarisation. Gold equities rose to reflect the higher gold spot prices. The Fund's underweight position detracted from performance. We do not believe current gold equity valuations offer sufficient margin of safety to increase our holding.

The Industrials Index rose 1% for the quarter (+3% over 12 months). 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. We saw a step change in the number of domestic businesses delivering disappointing earnings as weaker revenue growth and ongoing brutal cost pressures eroded operating profits. We continue to reassess our domestic holdings and cull those that are not well-positioned to withstand the challenging domestic environment. We have been pleased to see the strong volume growth of a business like ADvTECH that has consistently invested in the value of its private education offering, constraining fee increases at or below inflation while managing costs appropriately. Dis-Chem, too, should continue to grow strongly, fuelled by store rollout and market share gains from independents. In Transaction Capital, the collapse of SA Taxi and a sharp share price correction allowed Coronation to increase our holding, thereby increasing exposure to WeBuyCars (WBC). We believe WBC is a strong franchise with good medium-term growth prospects. It offers customers convenience, a trusted partner in buying/selling their vehicle, and fair prices. This should enable it to continue gaining market share from the fragmented independent dealers in the used car market.

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 constrained domestic environment, we have taken full advantage of the Fund's offshore capacity. A meaningful allocation to global equities and global credits should enhance the risk-adjusted returns of the portfolio. While global equities have benefited from rising markets, we believe there remain considerable stock picking opportunities given the narrow market returns. These offshore holdings are supplemented by domestic assets; predominantly SA equities, which is our favoured domestic asset class. We believe that the Fund should continue to deliver attractive returns over the medium to longer term.

Portfolio manager
Karl Leinberger and Sarah-Jane Alexander
as at 31 March 2024

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; 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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