CORONATION FINANCIAL FUND

Fund Information as at 31 July 2021

CORONATION
TRUST IS EARNED™

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

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

10/10
Aggressive

Maximum growth/
minimum income exposures

Growth Assets: 100%
Income Assets: 0%

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 1.00% (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?

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

GODWILL CHAHWAHWA
BCompt, CA (SA) CFA

GENERAL FUND INFORMATION

Fund Launch Date	1 July 1998
Fund Class	P
Class Launch Date	1 April 2016
Benchmark	FTSE/JSE Financials ex Real Estate Index
Fund Category	South African – Equity – Financial
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Bloomberg Code	CORFINP
ISIN Code	ZAE000215380
JSE Code	CFFCP

CORONATION FINANCIAL FUND

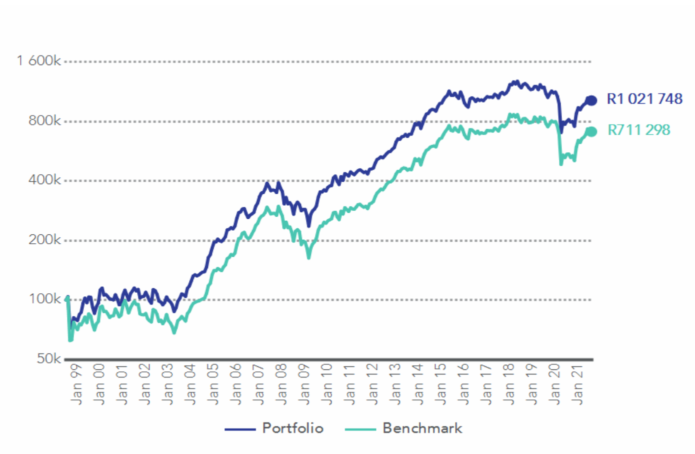
CLASS P as at 31 July 2021

Fund category	South African - Equity - Financial
Launch date	01 April 2016
Fund size	R253.64 million
NAV	4762.49 cents
Benchmark/Performance Fee Hurdle	FTSE/JSE Financial ex Real estate Index
Portfolio manager/s	Neill Young and Godwill Chahwahwa

	1 Year	3 Year
Total Expense Ratio	1.18%	1.18%
Fund management fee	0.98%	0.99%
Fund expenses	0.06%	0.04%
VAT	0.15%	0.15%
Transaction costs (inc. VAT)	0.17%	0.15%
Total Investment Charge	1.35%	1.33%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2021
Domestic Assets	**100.0%**
Equities	**98.4%**
Financials	98.4%
Real Estate	**1.1%**
Cash	**0.6%**

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	921.7%	611.3%	310.5%
Since Launch (annualised)	10.6%	8.9%	1.7%
Latest 20 years (annualised)	11.7%	10.6%	1.1%
Latest 15 years (annualised)	9.3%	8.6%	0.7%
Latest 10 years (annualised)	8.7%	9.2%	(0.5)%
Latest 5 years (annualised)	(0.4)%	(0.2)%	(0.2)%
Latest 3 years (annualised)	(6.0)%	(4.9)%	(1.1)%
Latest 1 year	24.6%	29.5%	(4.9)%
Year to date	8.5%	10.5%	(2.0)%

TOP 10 HOLDINGS

As at 30 Jun 2021	% of Fund
FirstRand Limited	19.5%
Standard Bank Group Ltd	11.8%
Sanlam Limited	8.1%
ABSA Group Limited	7.5%
Nedbank Group Ltd	7.0%
Quilter plc	5.3%
RMI Holdings	5.3%
Investec Limited	5.1%
Ninety One PLC	4.4%
Discovery Holdings Ltd	4.0%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	19.6%	20.9%
Sharpe Ratio	0.10	0.01
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(45.1)%	(45.3)%
Positive Months	59.6%	59.9%

	Fund	Date Range
Highest annual return	63.0%	Aug 2004 - Jul 2005
Lowest annual return	(39.3%)	Apr 2019 - Mar 2020

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2021	01 Apr 2021	14.86	14.67	0.19
30 Sep 2020	01 Oct 2020	321.46	319.55	1.91
31 Mar 2020	01 Apr 2020	4.96	4.52	0.44
30 Sep 2019	01 Oct 2019	172.16	169.13	3.03

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	(2.6)%	3.8%	2.5%	1.5%	6.5%	(2.7)%	(0.4)%						**8.5%**
Fund 2020	(5.0)%	(8.6)%	(28.4)%	13.2%	(2.8)%	3.6%	2.3%	(3.2)%	1.0%	(5.8)%	16.2%	7.2%	**(16.7)%**
Fund 2019	3.3%	(0.2)%	(3.6)%	6.1%	(3.6)%	0.9%	(7.3)%	(4.5)%	4.5%	3.3%	(2.3)%	1.3%	**(3.1)%**

Issue date: 2021/08/11

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 retail class of the fund.

Following a strong start to the year, the financial sector remained in positive territory for the second quarter (Q2-21), with the Fund delivering 5.2% relative to 8.2% for the benchmark. Over three, five and 10 years, the Fund has returned -4.9%, 0% and 8.1% relative to benchmark returns of -3.0%, 0.7% and 9.2% respectively. Since inception, the Fund delivered 10.5% p.a. against the benchmark return of 9.0%.

Developed market equities continued to rise during the quarter as the benefits of rapid vaccine rollouts in the developed world began to have a positive impact on the pandemic, allowing for an opening up of economic activity. The MSCI World Index returned 7.7% in US dollars versus a 3.6% US dollar return for JSE All Share Index in a quarter during which the rand strengthened 3.5% against the US dollar. In South Africa, Q1-21 GDP was stronger than expected at 4.6% (p/p), seasonally adjusted. While headline inflation accelerated to 5.2% y/y in May from 4.4% y/y in April, core inflation was stable at 3.1% y/y in May vs 3.0% y/y in April. The SARB left interest rates unchanged, but more recent comments from the Monetary Policy Committee members suggest some growing caution about the inflation outlook. In the near term, inflation should be contained as growth picks up, supporting a cyclically improved economic outcome. While the fiscal accounts are problematic given the high levels of debt, the improvement in the economy has provided some breathing room. Growth-enhancing reforms are still needed for a more sustained economic recovery.

The financial sector performance for the quarter was driven by strong returns from the listed property (12.1%) and banking (9.6%) sectors, while the life sector (5.8%) lagged. Fund contributors to quarterly returns included overweight holdings in Investec Plc, Nedbank Group Ltd, RMB Holdings Ltd and Momentum Metropolitan Holdings, as well as an underweight position in the Johannesburg Stock Exchange Ltd. Detractors from quarterly performance included overweight positions in Quilter Plc, Ninety One Plc and Coronation Fund Managers, and underweight positions in Capitec Bank and Growthpoint Properties.

Throughout the Covid-19 pandemic, as measured from the start of the second quarter of 2020, the life sector has underperformed the banking sector. Covid-19 lockdowns presented challenges for both sectors but in different areas. The banks were most concerned about credit default risk on their lending books, given the likely impact that the Covid-19 lockdowns would have on employment and the ability for companies to trade profitably. During 2020, the banks raised significant provisions in anticipation of this risk. Recent bank results and operational updates suggest that the sector was prudent in the level of provisions raised, with defaults proving lower than expected. This has driven a faster recovery in earnings for the sector and supported a re-rating in valuations.

The life sector faced concerns in two areas: a likely increase in mortality claims and a fall in new business volumes and, like the banks, raised reserves to cover the anticipated higher mortality risk. SA has gone through two Covid-19 waves and is currently in the midst of the third. As these waves progress, the life companies utilise the reserves raised and, at each reporting period, review the adequacy of the remaining buffers in light of an evolving Covid-19 picture. While this journey may not yet be complete, we believe the sector is adequately capitalised to weather the pandemic and return to more normalised levels of profitability. The intrinsic value of these businesses remains robust, and therefore valuations within the life sector are attractive. We took the opportunity in the quarter to add to holdings in Sanlam, Old Mutual, Liberty and Discovery. These were funded from the banks, Reinet and Santam.

Domestic and international equity markets have recovered strongly off the lows reached in April 2020 at the start of the Covid-19 lockdowns. This recovery in markets enhances the earnings prospects for businesses generating fees from market-linked assets, such as asset managers and wealth businesses. The life sector also benefits from improving capital ratios to the extent that they are exposed to equities within their shareholder portfolios. Interestingly, we have not seen a recovery in valuations of asset managers and wealth businesses commensurate with our expectation of their improving earnings prospects. Therefore, we are excited about the valuation opportunities in Quilter (UK wealth manager) and Ninety One (fund manager), both significant holdings in the Fund.

We see opportunity amid the challenges SA is navigating, both on the pandemic front and on the fiscal side. The financial sector in SA has some strong and enduring businesses that are well-capitalised and run by experienced management teams. Currently, many of these businesses can be bought at undemanding valuations. We continue to position the Fund to benefit from these opportunities.

Portfolio managers
Neill Young and Godwill Chahwahwa
as at 30 June 2021

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. 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) (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. Growth charts are shown in logarithmic scale (base 2).

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. 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 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 September 2020 (updated annually). The 3 year TER is for a rolling 36-month period to the last 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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