CORONATION BALANCED PLUS FUND

Fund Information as at 30 September 2024

CORONATION
TRUST IS EARNED™

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

CORONATION
TRUST IS EARNED™

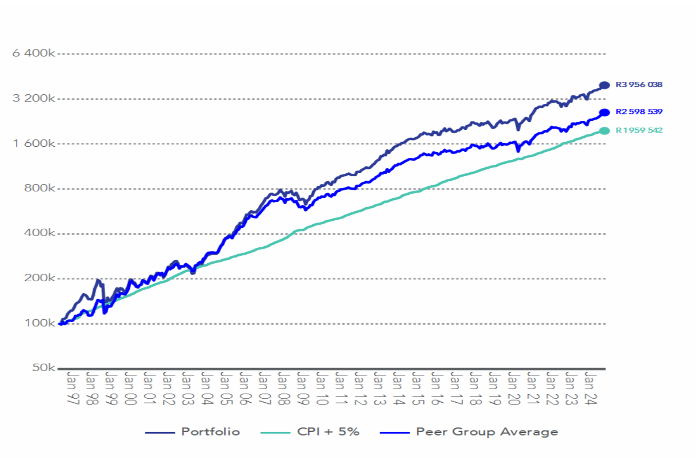
CLASS P as at 30 September 2024

ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	02 April 2012
Fund size	R119.18 billion
NAV	15791.13 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%	1.18%
Fund management fee	0.84%	0.84%
Fund expenses	0.23%	0.20%
VAT	0.13%	0.13%
Transaction costs (inc. VAT)	0.18%	0.18%
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)	3856.0%	1859.5%	2498.5%
Since Launch (annualised)	13.8%	11.0%	12.1%
Latest 20 years (annualised)	13.2%	10.5%	10.8%
Latest 15 years (annualised)	11.3%	10.1%	9.3%
Latest 10 years (annualised)	8.7%	10.0%	7.5%
Latest 5 years (annualised)	12.0%	9.9%	10.1%
Latest 3 years (annualised)	10.8%	10.6%	10.2%
Latest 1 year	20.3%	9.0%	18.5%
Year to date	11.5%	6.9%	11.7%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	12.9%	10.2%
Sharpe Ratio	0.38	0.31
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	67.4%	65.4%

	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 Sep 2024
Domestic Assets	66.1%
Equities	41.5%
Basic Materials	4.7%
Industrials	0.5%
Consumer Goods	4.9%
Health Care	0.6%
Consumer Services	6.8%
Telecommunications	1.1%
Financials	13.3%
Technology	6.0%
Derivatives	3.6%
Unlisted	0.0%
Real Estate	4.8%
Bonds	10.8%
Cash	9.0%
International Assets	33.9%
Equities	31.1%
Real Estate	0.2%
Bonds	9.2%
Cash	(6.6)%

TOP 10 HOLDINGS

As at 30 Sep 2024	% of Fund
Naspers Ltd	4.4%
FirstRand Limited	3.0%
Capitec Bank Holdings Ltd	2.0%
Dis-chem Pharmacies Ltd	1.8%
Richemont	1.7%
Nepi Rockcastle Plc	1.7%
Standard Bank Of SA Ltd	1.5%
Bid Corp Ltd	1.4%
Quilter	1.3%
Outsurance Group Ltd	1.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2024	01 Oct 2024	143.81	76.14	67.66
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

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%	1.4%	0.4%	2.1%	0.8%	3.0%				11.5%
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 6.0% for the third quarter of 2024 (Q3), bringing 12-month returns to 20.3%. The Fund has benefited from its high allocation to equities (both global and local) that have delivered strong returns over the past 12 months. The Fund has performed well over meaningful periods, both in absolute terms and relative to the peer group.

Fund positioning

Q3 marked another strong quarter for global markets, with the MSCI All Country World Index returning 7% for the quarter (USD), bringing year-to-date (YTD) returns to 19%. Global economic growth remained robust, notwithstanding some signs of consumer stress. Global inflation continued to ease, supporting rate cuts across many markets. The US Federal Reserve surprised the market with a 50 basis points (bps) cut in September (ahead of market expectations of 25bps).

Market returns for the quarter were broader than the recent experience, with strength across the US market as well as in many of the regional markets which had previously lagged. Emerging markets rose strongly, with the MSCI Emerging Markets Index up 9% for the quarter in USD (+17% YTD), buoyed by a resurgent Chinese market. We continue to believe that there are rich stock-picking opportunities in global markets. Portfolio holdings are diversified, both geographically and by sector. The basket includes compounders, long duration stocks as well as value stocks. Given the attractive upside to fair value, we have retained a large allocation to offshore equity.

China finally pulled the trigger on stimulus, announcing a raft of measures in September. The Chinese market rallied strongly, with the MSCI China up 21% for the quarter. Despite meaningful moves in share prices, the largely consumer-facing businesses held in the portfolio continue to trade at undemanding valuations given their earnings quality and strong underlying growth delivery. Increasingly shareholder-friendly allocation of capital should compound returns for shareholders.

Geopolitical tensions intensified as Israel broadened its field of military operations with targeted operations across Syria and Lebanon. These actions raise the risk of further regional escalation. The oil price firmed in response. This was only days after hitting a 12-month low (oil traded below $70/barrel in September) on the back of Saudi Arabia's announcement that it was preparing to abandon its $100 oil target price and increase production by year end. Gold and oil are trading above our assessment of their long-term fair value, with prices artificially inflated given geopolitical uncertainty. The Fund has little exposure to either.

The Bloomberg Barclays Global Aggregate Bond Index (USD) returned 7% for the quarter in USD (4% YTD), buoyed by the prospects of falling inflation and further rate cuts. The Fund continues to have 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. 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 narrower credit spreads in our domestic credit market. Given the compelling opportunities in global equity and global fixed income, we continue to make full use of the Fund's offshore capacity.

It was a very positive quarter for SA assets. Sentiment has improved dramatically, with the GNU performing well. It appears to be committed to driving reform and finding solutions in a consultative way at the national level. The prospects for increased infrastructure investment and private-public partnership are good. At the time of writing, SA has been free of loadshedding for the more than 190 days. The consumer is experiencing relief in the form of fewer power outages, lower fuel prices, falling food inflation and a stronger rand. September saw the first 25bps rate cut and the outlook is for more to follow. The much-improved consumer outlook should drive credit extension, with the first signs of growing bank appetite already evident. Regulatory changes will enable consumers to access savings previously unavailable (without resignation) via the "two-pot" retirement system. These factors are driving improved confidence and a more favourable near-term outlook for the domestic economy. South African domestic assets rallied in response. The FTSE/JSE Capped Shareholder Weighted Index (CSWIX) returned 10% for the quarter (16% YTD) while the FTSE/JSE All Bond Index returned 11% for the quarter (17% YTD). The currency strengthened 5% against the USD during the quarter (+6% YTD). The likelihood of a stronger rand has increased, given encouraging developments from the GNU and a constructive environment for emerging market assets (lower US interest rates, China stimulus). We bought additional ZAR currency exposure during the quarter.

Despite the optimism, SA faces many headwinds. The country's assets and infrastructure remain profoundly damaged by a decade of mismanagement. Decades of underinvestment in infrastructure cannot be fixed overnight. Municipal service delivery and water (quality and availability) are deeply worrying. The long-term fiscal outlook also remains concerning. The starting level of sovereign debt is high. Despite the GNU's commitment to fiscal discipline, we see constrained growth in government revenues and an inability to meaningfully contain expenditure driving a rising debt-to-GDP ratio. Notwithstanding a better near-term outlook, GDP growth remains insufficient to correct this over the medium term. Given these headwinds, the Fund is underweight government bonds.

The Fund's preferred domestic asset remains SA equities which have delivered pleasing returns over the past year (CSWIX +25% over one year). Holdings include global stocks listed on the JSE and selected resources and domestic stocks. Performance at a sector level reflects the strong performance of domestic shares, with the heavily domestic Financials Index up 14% for the quarter (24% YTD) and the Industrial Index up 12% for the quarter (18% YTD). The Resources Index lagged, declining 1% for the quarter (flat YTD).

Amongst the domestic shares, the Q3 results season saw an even wider gap between winning and losing businesses. The weak economy resulted in a larger number of domestic counters reporting results below market expectations. In this environment, stock picking remained critical. The winning businesses held in the portfolio prospered despite the tough domestic economy. Examples include ADvTECH, Capitec and OUTsurance all of which have reported exceptional results since our previous commentary. ADvTECH enrolments are rising, driven by the high-quality education they offer at a competitive price. Capitec, with its strong consumer value proposition, is continuing to deliver share gains in retail banking, insurance and more recently business banking. The benefits of scale are evident in the rising profitability of its retail transactional franchise. Ongoing investment in lowering fees across the business and retail bank should deliver further share gains. OUTsurance also has a strong emphasis on providing good value to consumers through disciplined, scientific underwriting, combined with a strong focus on cost efficiency. This has enabled OUTsurance to build sizeable and profitable businesses across SA and Australia. We expect OUTsurance to continue gaining share across these markets.

The Fund holds an underweight position in the resources sector, given reasonably full valuations. China's shift to less infrastructure-heavy growth remains a headwind to demand, contributing to a weaker outlook for many commodities. The Fund's underweight position in gold shares has weighed on performance over the year given the spike in the gold price. At these levels, we believe gold equities are overvalued and offer poor medium-term return prospects.

The Fund's position in property has delivered strongly, with the sector +19% over the quarter and +30% YTD. The sector has benefited from its heavy domestic exposure and the prospects of lower financing charges. A key portfolio holding like Attacq has shown good underlying delivery and has a positive outlook, boosted by its flagship Waterfall Estate property.

Outlook

The Fund continues to have a meaningful allocation offshore. We believe the attractive prospects of this diversified basket of global equities and credit continue to merit the holding. These offshore holdings are supplemented by domestic assets, predominantly SA equities. Domestic assets have rerated in expectation of a better outlook. We are cautiously optimistic that better days lie ahead. However, given SA's structural challenges, we continue to believe that the large offshore allocation will play an important role in achieving diversification and delivering compelling risk-adjusted long-term returns.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 30 September 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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.