

## WHAT IS THE FUND'S OBJECTIVE?

The fund is in the first instance managed to achieve reasonable investment growth over the medium to long term. Our intent is that the fund should produce an annualised return of at least inflation plus 4% over time. In addition, we aim to achieve less volatility than the average balanced fund. It is specifically managed to suit investors who want to draw an income over an extended period of time.

## WHAT DOES THE FUND INVEST IN?

Capital Plus can invest in a wide range of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally, in a manner similar to that usually employed by retirement funds. As the fund actively seeks to curb risk and volatility, investments held in growth assets like shares and listed property would typically not exceed 75%. Shares usually offer the best growth, but this comes with the greatest risk of short-term losses. The fund's exposure to shares is therefore carefully balanced with more stable investments like bonds. Maximum exposure to foreign assets is 45%. 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 is tactically managed to protect and grow capital, as well as secure an attractive income. A large and experienced investment team actively seeks out the best potential opportunities for income and growth, while carefully considering the different risks within the fund.

The fund is diversified across a range of assets reflecting its dual objectives of reasonable growth and capital stability. This includes a selection of shares we believe are attractively valued and may offer strong long-term returns, as well as strategic positions in quality income assets.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is three years and longer. The fund's exposure to shares may result in short-term price fluctuations, making it unsuitable to investors who can only invest for short periods.

## WHO SHOULD CONSIDER INVESTING IN THE FUND?

- ▶ Pensioners and other investors requiring an income, especially those in the first half of retirement.
- ▶ Living annuity investors seeking a fund that aims to achieve both income and capital growth.
- ▶ Investors requiring a low-risk fund, which offers a reasonable rate of return, for their retirement annuity, provident fund, preservation fund or pension fund.
- ▶ Conservative investors who want to protect their savings.
- ▶ Trusts, endowments, foundations and charities who require long-term funding of a moderate spending rule.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.75% (excl. VAT) is payable.

The annual management fee is accrued daily and paid monthly. Fund expenses 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 fund 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?



**CHARLES DE KOCK**  
BCom (Hons), MCom  
(Economics)



**PALLAVI AMBEKAR**  
CA (SA), CFA



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

## GENERAL FUND INFORMATION

Fund Launch Date	2 July 2001
Fund Class	P
Class Launch Date	1 October 2012
Benchmark	CPI + 4%
ASISA Fund Category	South African – Multi-asset – High Equity
Income Distribution	Quarterly (March, June, September, December)
Bloomberg Code	CORCPB5
ISIN Code	ZAE000170437
JSE Code	CCPB5

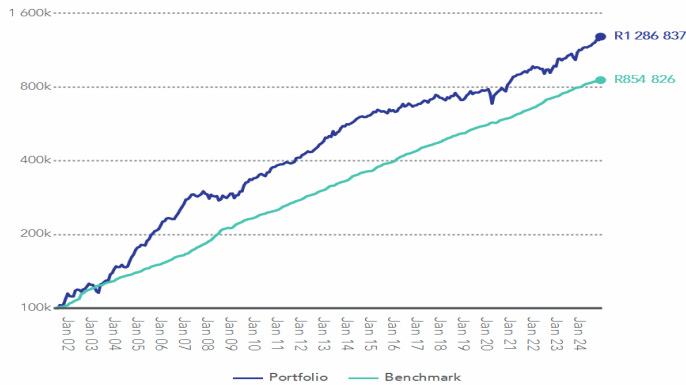
CLASS P as at 30 November 2024

ASISA Fund Category	South African - Multi Asset - High Equity
Launch date	01 October 2012
Fund size	R14.82 billion
NAV	5725.42 cents
Benchmark	CPI + 4% p.a.
Portfolio manager/s	Charles de Kock, Pallavi Ambekar and Neill Young

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.11%	1.08%
Fund expenses	0.75%	0.75%
VAT	0.24%	0.22%
Transaction costs (inc. VAT)	0.11%	0.11%
Total Investment Charge	0.10%	0.10%
	1.21%	1.19%

## PERFORMANCE AND RISK STATISTICS

## GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Peer Group Average
Since Launch (unannualised)	1186.8%	754.8%	1103.8%
Since Launch (annualised)	11.5%	9.6%	11.2%
Latest 20 years (annualised)	10.6%	9.5%	10.4%
Latest 15 years (annualised)	9.4%	9.1%	9.2%
Latest 10 years (annualised)	7.7%	9.0%	7.4%
Latest 5 years (annualised)	10.7%	9.0%	10.1%
Latest 3 years (annualised)	10.9%	9.4%	9.1%
Latest 1 year	16.2%	7.3%	15.0%
Year to date	13.2%	7.0%	12.7%

## RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	7.5%	8.6%
Downside Deviation	4.8%	5.5%
Sharpe Ratio	0.51	0.41
Maximum Gain	29.5%	29.5%
Maximum Drawdown	(12.8%)	(18.0%)
Positive Months	68.7%	66.2%
	Fund	Date Range
Highest annual return	33.8%	Aug 2004 - Jul 2005
Lowest annual return	(8.8%)	Apr 2019 - Mar 2020

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2024	(0.1)%	2.0%	0.7%	(0.3)%	1.1%	0.7%	1.9%	1.0%	2.7%	(0.5)%	3.5%		13.2%
Fund 2023	7.4%	0.4%	(1.7)%	1.6%	0.4%	2.2%	0.9%	1.1%	(3.5)%	(2.3)%	7.2%	2.6%	17.1%
Fund 2022	(1.6)%	0.8%	(0.4)%	(1.4)%	0.2%	(4.5)%	3.9%	0.3%	(3.2)%	3.7%	3.1%	(0.8)%	(0.3)%
Fund 2021	2.8%	2.8%	0.4%	1.4%	0.2%	0.6%	1.5%	1.0%	(1.2)%	2.5%	0.2%	3.1%	16.5%
Fund 2020	0.9%	(4.0)%	(9.1)%	7.9%	1.8%	1.9%	1.4%	2.1%	(1.7)%	(1.5)%	6.3%	2.2%	7.3%
Fund 2019	1.6%	2.7%	1.5%	2.5%	(2.6)%	1.2%	0.2%	(0.1)%	1.0%	1.3%	(0.7)%	0.7%	9.7%
Fund 2018	(0.3)%	(1.1)%	(1.0)%	2.8%	(1.0)%	2.4%	(0.2)%	3.0%	(2.4)%	(1.8)%	(2.4)%	0.1%	(2.1)%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Nov 2024
<b>Domestic Assets</b>	<b>64.0%</b>
■ Equities	24.9%
Basic Materials	3.0%
Industrials	0.1%
Consumer Goods	3.0%
Health Care	0.2%
Consumer Services	4.2%
Telecommunications	0.7%
Financials	8.0%
Technology	4.5%
Derivatives	1.2%
■ Real Estate	1.6%
■ Bonds	22.3%
■ Commodities	2.2%
■ Cash	13.8%
■ Other (Currency Futures)	(0.8)%
<b>International Assets</b>	<b>36.0%</b>
■ Equities	35.8%
■ Preference Shares & Other Securities	0.0%
■ Real Estate	0.2%
■ Bonds	5.9%
■ Cash	(5.9)%

## TOP 10 HOLDINGS

As at 30 Sep 2024	% of Fund
Prosus Nv	4.1%
FirstRand Limited	2.1%
Standard Bank Of SA Ltd	1.6%
Richemont	1.4%
British American Tobacco Plc	1.3%
Dis-chem Pharmacies Ltd	1.1%
Anheuser-busch Inbev Sa/nv	1.0%
Oursurance Group Ltd	0.9%
Mtn Group Ltd	0.9%
Psg Group	0.9%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2024	01 Oct 2024	37.49	10.73	26.76
28 Jun 2024	01 Jul 2024	47.69	14.26	33.43
28 Mar 2024	02 Apr 2024	39.10	9.07	30.03
29 Dec 2023	02 Jan 2024	45.22	6.93	38.29

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

## Performance

Global markets continued their strong march upwards in Q3 of 2024. The MSCI ACWI returned 7% for the quarter, lifting the year-to-date (ytd) return to 19%. The returns are broad based across markets and have been supported by generally resilient economic growth and employment data. Continued easing in inflation supported the start of cuts in policy rates across many markets, including the US where a larger-than-expected cut of 50bps was announced. The positive outlook also reflected in global bond markets with a 7% return from the Bloomberg Barclays Global Aggregate Bond Index for the quarter (4% ytd).

Emerging markets joined the party, rising 9% in Q3 and 17% ytd. China was a strong contributor to these returns as a raft of stimulus measures were finally announced in September, resulting in a 24% return for the MSCI China Index in that month alone.

Geopolitical tensions remain high and appear to be escalating in the Middle East, raising the potential of a broader regional conflict. The oil price has bounced off its September lows and the gold price ended the quarter close to an all-time high above \$2 600/oz, perhaps reflecting these risks despite the relatively benign economic environment that appears to be unfolding.

Domestic markets performed strongly as positive sentiment attributed to the new government continued into Q3, supported by a 25bps rate cut from the SARB in September. The JSE Capped SWIX returned 10% for the quarter, taking the year-to-date return to 16%. The bond market rallied strongly as yields declined, taking the ALBI return to 11% for the quarter and 17% for the ytd. This optimism is also reflected in the currency as the rand closed the quarter at 17.27 to the USD, a strengthening of 6% since the beginning of the year – almost all of which happened in Q3.

The Fund's returns have been supported by the strong markets, delivering 5.8% for the quarter and 18.3% over the last 12 months, substantially ahead of the CPI +4% target. Similarly, the Fund has outperformed its target over all meaningful long-term periods, with the exception of 10 years where it is behind target but still comfortably ahead of inflation. Since inception, Fund performance remains ahead of target.

## Portfolio actions and fund positioning

The Fund retains a substantial exposure to global assets at 43% of fund on a gross basis at the end of September, largely unchanged from June. While this has contributed strongly to returns over the longer term, the strength in domestic assets and the currency in Q3 meant that the global portion of the portfolio provided little assistance in the quarter, with the bulk of the uplift coming from the Fund's holding in SA bonds and equities.

We remain of the view that a relatively full allocation to global assets is appropriate. While headline indices have performed strongly and market breadth has improved, we continue to find attractive stock picking opportunities in global markets across both regions and sectors. It is often challenging to pinpoint when or what will cause the value on offer to be accurately priced by markets. The recent rally in Chinese stocks is a case in point; the market was impatiently waiting for stimulus measures to be announced by the government to address the country's economic slowdown, but there was no way of knowing whether or when any such measures would be forthcoming. When they finally were, the reaction was swift and strong, benefiting stocks held in the portfolio that we consider having high quality, strongly growing earning streams but the prices of which had been excessively discounted largely due to macro uncertainties. The opportunity remains for a similar realisation of value in many other non-Chinese stocks in the portfolio but the timing of this is impossible to know. Mindful of the robust performance of the headline indices and the objective of protecting capital, we retain put protection over 20% of the global equity allocation. The global fixed income allocation consists of short-dated US T-bills as well as corporate credits offering attractive yields.

One can certainly sketch a positive scenario to support the price moves in South African assets. Nearly 100 days in, the GNU is performing well and there appears to be genuine intent on all sides to ensure its longevity and to work together constructively despite some of the teething problems already experienced. The private sector has seconded skills into government to assist with delivery. The country has had no loadshedding for almost 200 days (at the time of writing) and real plans to deal with other infrastructure challenges are taking shape. The strong rand and lower oil price are helping to deliver lower inflation and we have begun a rate-cutting cycle. The two-pot system could provide a short-term sugar-rush to consumers, boosting confidence somewhat and potentially supporting higher credit extension.

We have been cautious in sizing our exposure to South African assets in the past, and despite these positive developments remain so. There are some quick fixes to be had (speeding up the processing of skilled work visas for example), but many of the challenges that we have flagged in the past persist. Decades of underinvestment in infrastructure (rail, ports and water) will take years to correct. Failing municipalities will impede attempts at improvements in service delivery. The longer-term fiscal outlook remains challenged as constrained government revenue and continued high expenditure demands for the public sector wage bill, social grants and debt servicing costs mean that a rising debt-to-GDP ratio remains likely, even factoring in potentially higher GDP growth.

As a result, our exposure to domestic-facing equities remains concentrated in high quality businesses that we would expect to outperform in a challenged economic environment, and duration in bond holdings is carefully managed. We are, however, cognisant of the risk of a more positive outcome – a high road scenario in which tangible evidence of real execution by government translates into better operating conditions for domestic businesses, as well as the buying of financial assets by foreign investors who have largely sat on the sidelines until now. Consequently, we have increased the allocation to SA equity slightly during the quarter. Within the domestic equity allocation, we continue to carry meaningful exposure to the banks where valuations remain reasonable but should respond in a geared fashion to such a scenario. Within the domestic fixed income allocation, we continue to hold an investment in ILBs that offer attractive real yields and protection against higher-than-expected inflation in a low road scenario, but also to fixed-rate bonds (both government and corporates) which, despite their strong run, still screen attractively in a global context should the high road scenario eventuate. We have also elected to increase the currency lock in the Fund to reduce sensitivity to any further potential rand strength, reducing gross offshore asset exposure from 43% to an effective 36% offshore currency exposure.

## Outlook

We have finally entered the easing phase of the rate cycle in the US, and this tends to determine the trajectory in other markets around the world. The global economic outlook is generally positive despite a number of geopolitical risks and markets have responded strongly. However, we still see many attractive opportunities in mispriced global equities and credits.

The sentiment emanating from South Africa is positive and this has been reflected in strong moves in both domestic asset prices and the currency. We are in the early phase of the GNU and still need to see this mood translate into meaningful on-the-ground action. If this comes about, there is scope for improved earnings growth from domestic-facing businesses and possibly a further rerating of equities and bonds. For these reasons, we remain cautious but highly alert to the risks to the upside.

As always, we endeavour to build portfolios that deliver returns that exceed inflation hurdles and minimise drawdowns in a variety of scenarios, such as the ones we are presented with currently, rather than positioning for a single potential outcome.

## Portfolio managers

**Pallavi Ambekar, Charles de Kock and Neill Young**  
as at 30 September 2024

**IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION CAPITAL PLUS FUND**

The Capital 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](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 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. 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 CPI + 4%.

**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)

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