

## WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term investment growth from investing in a select group of South African listed industrial and consumer companies.

It seeks to outperform an index of industrial companies listed on the Johannesburg Stock Exchange (the JSE Industrial Index) over the longer term.

## WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in companies listed on the JSE, most excluding those involved in mining and financial services. It can invest in a wide range of industries, including technology, telecommunication, healthcare and consumer goods.

While the fund may not invest in foreign markets, it can have exposure to international companies that are listed in South Africa. 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's managers actively seek out attractively valued companies that could offer strong long-term growth.

Shares are selected following rigorous and independent 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

- ▶ want to diversify their investments to include exposure to a wide range of industrial companies;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ want to hold the Industrial 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](http://www.coronation.com).

## WHO ARE THE FUND MANAGERS?



**GODWILL  
CHAHWAHWA**  
BCompt, CA (SA)  
CFA



**NICHOLAS  
HOPS**  
BBusSc,CFA

## GENERAL FUND INFORMATION

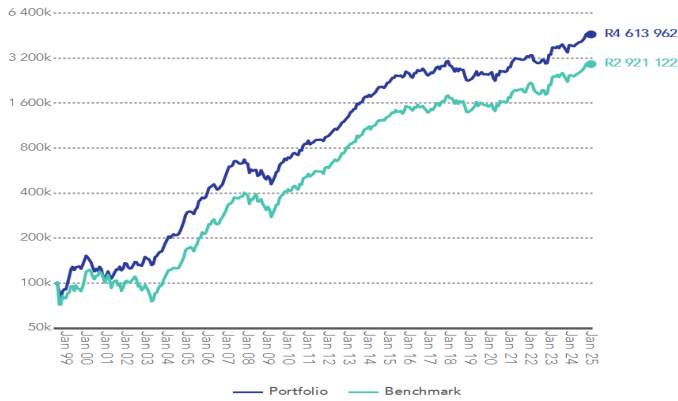
Launch Date	1 July 1998
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Industrial Index
ASISA Fund Category	South African – Equity – Industrial
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCGRO
ISIN Code	ZAE000019741
JSE Code	CNCG

CLASS P as at 31 December 2024

ASISA Fund Category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R794.77 million
NAV	29093.74 cents
Benchmark	FTSE/JSE Industrial Index
Portfolio manager/s	Godwill Chahwahwa and Nicholas Hops

## PERFORMANCE AND RISK STATISTICS

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



## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	4514.0%	2821.1%	1692.8%
Since Launch (annualised)	15.6%	13.6%	2.0%
Latest 20 years (annualised)	14.7%	15.2%	(0.6)%
Latest 15 years (annualised)	13.5%	13.7%	(0.3)%
Latest 10 years (annualised)	7.7%	8.4%	(0.7)%
Latest 5 years (annualised)	12.8%	13.5%	(0.7)%
Latest 3 years (annualised)	11.3%	10.0%	1.3%
Latest 1 year	18.2%	18.5%	(0.3)%
Year to date	18.2%	18.5%	(0.3)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.2%	17.2%
Sharpe Ratio	0.47	0.30
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	62.9%	62.9%

	Fund	Date Range
Highest annual return	68.0%	Jan 1999 - Dec 1999
Lowest annual return	(26.2)%	Dec 2017 - Nov 2018

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2024	(1.1)%	(0.4)%	2.8%	1.6%	1.9%	0.4%	2.4%	3.2%	6.5%	(3.0)%	1.3%	1.5%	<b>18.2%</b>
Fund 2023	11.8%	0.0%	(0.9)%	2.6%	(2.6)%	3.9%	1.9%	(4.2)%	(3.9)%	(3.9)%	11.8%	(0.1)%	<b>15.9%</b>
Fund 2022	(0.1)%	(7.7)%	(2.2)%	(1.7)%	(0.3)%	1.2%	4.4%	(0.4)%	(5.5)%	0.8%	13.5%	0.1%	<b>0.7%</b>
Fund 2021	8.4%	2.6%	3.2%	(0.7)%	(0.6)%	(0.5)%	(0.8)%	0.3%	1.5%	3.9%	(1.2)%	2.6%	<b>20.2%</b>
Fund 2020	2.0%	(9.1)%	(3.6)%	10.6%	(2.0)%	7.6%	(1.4)%	0.7%	(1.3)%	1.7%	5.8%	0.2%	<b>10.3%</b>

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.18%	1.18%
Fund expenses	1.00%	1.00%
VAT	0.03%	0.03%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.19%	0.20%
	1.37%	1.38%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2024
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>99.6%</b>
Basic Materials	3.3%
Industrials	4.4%
Consumer Goods	8.5%
Health Care	0.9%
Consumer Services	36.5%
Telecommunications	6.0%
Financials	1.5%
Technology	38.4%
■ <b>Cash</b>	<b>0.4%</b>

## TOP 10 HOLDINGS

As at 31 Dec 2024	% of Fund
Naspers Ltd	26.7%
Prosus Nv	10.0%
Bid Corp Ltd	7.1%
Shoprite Holdings Ltd	5.2%
Pepkor Ltd	4.0%
Advtech Ltd	3.8%
Anheuser-busch Inbev Sa/nv	3.5%
Mondi Limited	3.3%
Mtn Group Ltd	3.3%
Vodacom Group	2.7%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2024	01 Oct 2024	190.15	187.91	2.24
28 Mar 2024	02 Apr 2024	267.21	264.98	2.23
29 Sep 2023	02 Oct 2023	198.00	196.55	1.46
31 Mar 2023	03 Apr 2023	17.05	16.75	0.30

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

### Performance

The Fund returned -0.27% for the fourth quarter of 2024, taking the return for the year to 18.15% relative to the benchmark return of 18.48%. Since inception the Fund has returned 15.56% annualised return, 1.98% ahead of the benchmark.

Key contributors to performance in the quarter include underweight positions in Bidvest, Aspen Pharmacare and Clicks as well as positive contributions from holdings in Brait and Pepkor. Significant detractors to returns for the quarter include overweight positions in Grindrod and Anheuser-Busch Inbev (ABI) as well as underweight positions in Mr Price, Tiger Brands and British American Tobacco.

### Trades

In the quarter, we added to positions in Shoprite, Vodacom, Aspen Pharmacare, Bid Corporation Limited and Pick n Pay and funded these from trimming existing positions in British American Tobacco, MTN, Spar, Pepkor and ABI. Trades for the quarter further reduced our domestic economic underweight position.

### Fund positioning

In South Africa, the positive election outcome, in which the Government of National Unity (GNU) was formed, drove a material rally in domestic shares. Since the formation of the coalition, we have seen good progress being made in addressing some of the challenges facing the country in areas like power, logistics and infrastructure. This reform journey will be bumpy, and years of underinvestment will take time to address. The valuations of domestic shares now reflect much of the good news from this economic turnaround, and, as a result, we retain a small domestic underweight in the Fund. We are also selective in terms of the local companies we are invested in, focusing on companies that still offer margin of safety without building in a high-road scenario for the domestic economy. This would include companies that have a long-term structural growth story such as Dis-Chem (taking pharmacy share from independents), Advtech (growing private education against the backdrop of a failing public system) and Shoprite (a market share winner in the food retail space).

During the quarter, the Fund participated in the initial public offering and listing of Boxer as part of the restructuring and recapitalisation of the Pick n Pay group. Boxer is a multi-format retailer (Superstores, Liquors and Build), operating in the discount grocery retail market segment and targeting the middle to lower end of the South African consumer market. The business has shown exceptional growth in revenue and profit (15.2% and 11.5% 5-year CAGR, respectively) over the long term, with opportunities to continue this on the back of a large addressable market in South Africa. Following the listing of Boxer, the Fund also acquired a stake in Pick n Pay, whose share price implied a significant negative value for the Pick n Pay business after stripping out their remaining stake in Boxer at market value. We believe that while Pick n Pay remains challenged, enough is being done to ensure long-term viability and justify a positive valuation for the business.

The Fund continues to have meaningful exposure to attractive, global businesses that happen to be listed in the local market. Many of these stocks lagged the domestic rally we saw following the local elections, and

we were able to add to these holdings at more attractive relative valuations. Some examples include Bid Corporation, which is a global food services business with exposure to the structural growth trends associated with out-of-home dining across many markets including the UK, Europe, Australasia, and emerging markets including South Africa. This is a business that can deliver double-digit hard currency earnings growth and is available on an undemanding 16x one-year price-to-earnings (P/E) multiple. Another example would be Mondi, which is a European packaging business, benefiting from the structural shift away from plastics into sustainable packaging as well as the shift from physical to online retail. The share has come under significant pressure in the year on the back of cyclically weak packaging demand across Europe and near-term excess capacity concerns. The long-term picture for the business remains attractive and they continue to invest in low-cost manufacturing capacity in important packaging grades. The earnings base for Mondi is significantly depressed given the current soft demand conditions and new capacity that is not yet contributing to earnings. We can buy this business on an attractive 11.5x forward P/E multiple.

The ABI share price declined significantly (26% in US\$) in the quarter despite delivering a good set of interim results to June 2024. ABI has opportunities to drive strong earnings growth via the normalisation of its operating margin as input costs normalise lower and as they rationalise operating costs. The business generates strong cashflows and has been paying down debt and buying back shares. The resultant lower interest charge and reduced share count will drive leverage at the earnings per share (EPS) level. We believe ABI should be able to deliver double-digit hard currency earnings growth going forward – an attractive proposition for a business of this quality. The share weakness was driven mainly by the weakening of the Mexican peso (-18.5% vs USD), Brazilian real (21.4% vs USD) and Colombian peso (-12.0% vs USD) over the year. ABI generates approximately 40% of its earnings from Mexico, Brazil and Colombia, and the currency weakness will no doubt impact the earnings growth over the near term. Still, the long-term growth outlook remains good. We believe the de-rating is excessive and presents an opportunity to add to the holding in the Fund.

### Outlook

The Fund retains exposure to attractively valued global businesses with strong hard currency earnings growth prospects. In addition to this, the outcome of the 2024 elections in South Africa was a significant milestone for the country and we remain cognisant of the potential for a high-road, better economic outlook for South Africa if the GNU endures and can deliver on structural reforms. Therefore, with respect to the domestic stocks, we balance this optimistic outlook with underlying stock valuations to ensure that the risk-return trade-off remains positive for the Fund under various scenarios.

### Portfolio managers

**Nicholas Hops and Godwill Chahwahwa**  
as at 31 December 2024

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

The Industrial 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) 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.

**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)

**IMPORTANT INFORMATION REGARDING TERMS OF USE**

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