CORONATION BALANCED PLUS FUND

Fund Information as at 30 June 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 1.25% (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

Launch Date	15 April 1996
Fund Class	A
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)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORBALN
ISIN Code	ZAE000019808
JSE Code	CORB

CORONATION BALANCED PLUS FUND

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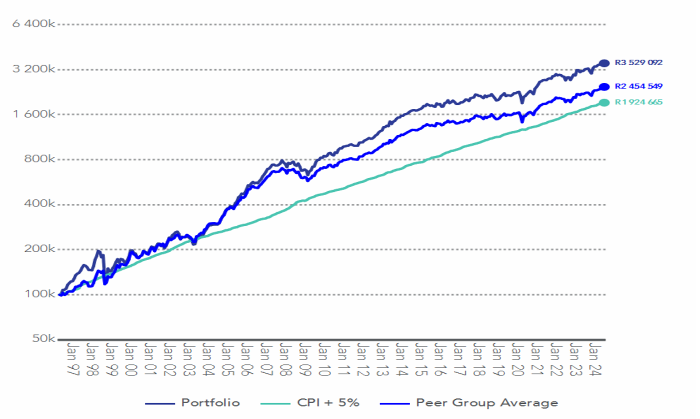
CLASS A as at 30 June 2024

ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	15 April 1996
Fund size	R113.19 billion
NAV	14872.97 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	1.66%	1.63%
Fund management fee	1.24%	1.24%
Fund expenses	0.23%	0.20%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.18%	0.19%
Total Investment Charge	1.84%	1.82%

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)	3429.1%	1824.7%	2354.5%
Since Launch (annualised)	13.5%	11.1%	12.0%
Latest 20 years (annualised)	13.2%	10.5%	11.1%
Latest 15 years (annualised)	11.2%	10.1%	9.6%
Latest 10 years (annualised)	7.6%	10.0%	6.9%
Latest 5 years (annualised)	10.3%	10.0%	8.9%
Latest 3 years (annualised)	9.1%	11.0%	9.0%
Latest 1 year	9.7%	10.2%	10.3%
Year to date	4.9%	5.0%	5.5%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	12.9%	10.2%
Sharpe Ratio	0.35	0.30
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	67.2%	65.1%

	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 Jun 2024
Domestic Assets	56.1%
Equities	40.6%
Basic Materials	5.6%
Industrials	0.5%
Consumer Goods	2.9%
Health Care	1.2%
Consumer Services	8.2%
Telecommunications	0.9%
Financials	11.0%
Technology	6.3%
Derivatives	3.9%
Unlisted	0.0%
Real Estate	4.1%
Bonds	11.7%
Cash	(0.3)%
International Assets	43.9%
Equities	32.1%
Real Estate	0.2%
Bonds	10.7%
Cash	0.9%

TOP 10 HOLDINGS

As at 30 Jun 2024	% of Fund
Naspers Ltd	4.3%
Capitec Bank Holdings Ltd	2.4%
Cie Financiere Richemont Ag	2.3%
FirstRand Limited	2.3%
Dis-chem Pharmacies Ltd	1.7%
Bid Corp Ltd	1.6%
Nepi Rockcastle Plc	1.6%
Prosus Nv	1.5%
Quilter Plc	1.5%
British American Tobacco Plc	1.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
28 Mar 2024	02 Apr 2024	103.56	42.11	61.46
29 Sep 2023	02 Oct 2023	158.96	72.61	86.34
31 Mar 2023	03 Apr 2023	130.27	36.62	93.65
30 Sep 2022	03 Oct 2022	185.11	80.22	104.89

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%	0.0%	1.4%	0.4%							**4.9%**
Fund 2023	8.4%	0.1%	(3.1)%	1.7%	0.3%	2.5%	0.8%	0.4%	(4.2)%	(3.4)%	8.7%	2.6%	**14.9%**
Fund 2022	(1.9)%	0.9%	(0.3)%	(2.0)%	(0.7)%	(5.5)%	4.8%	0.1%	(4.3)%	4.5%	4.3%	(1.5)%	**(2.0)%**
Fund 2021	3.7%	4.1%	0.8%	1.7%	0.4%	(0.5)%	2.1%	0.9%	(0.6)%	4.0%	0.3%	2.9%	**21.5%**
Fund 2020	0.7%	(5.6)%	(11.0)%	10.1%	1.5%	2.9%	2.6%	2.4%	(2.3)%	(2.7)%	8.9%	2.9%	**8.9%**

Issue date: 2024/07/11 *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.

Performance

The Fund returned 1.9% for the quarter (Q2-24), bringing its 12-month return to 9.7%. The large offshore allocation has benefited the Fund over the long term but detracted in Q2-24 as domestic assets (including the ZAR) rallied on the back of the South African election outcome. The Fund has performed well over meaningful periods.

Fund positioning

Market strength continued into Q2-24, with the MSCI All Country World Index returning 3% for the quarter (USD), bringing year-to-date (YTD) returns to 11%. Global economic growth remained reasonably resilient despite the higher-for-longer rate environment. Returns from the S&P 500 (+4% in USD for the quarter) were extremely narrow as three shares (Nvidia, Microsoft and Apple) accounted for more than 90% of the gain. On an equal-weighted basis, the US equity market was down over the past three months. While we have marginally trimmed global equity exposure to reflect higher market levels, we are still finding many attractive individual investment opportunities given the narrow return environment.

Chinese growth remains below previous levels as high debt levels, a weak property market, and weak business as well as consumer confidence levels weigh on the economy. Notwithstanding the risks of investing in China, we believe a holding in the portfolio is warranted, given the low prices at which many high-quality consumer businesses trade. All of our holdings are delivering strongly, and many are allocating capital in an increasingly shareholder-friendly manner.

Geopolitical tensions persist, with the ongoing conflict in the Middle East and Ukraine-Russia. The uncertainty is compounded by half the world having gone or still going to the polls this year. Democracy prevailed, as peaceful elections passed in emerging markets, including India, Mexico, Indonesia, and South Africa during Q2-24 and France and the UK in early Q3-24. All eyes are on the US election in Q4-24, with the odds of a Republican victory increasing. A Trump presidency could have major ramifications for decarbonisation, the fiscal outlook (more tax cuts) and global geopolitics. Traditional safe havens like gold have remained strong in the face of this uncertainty.

The Bloomberg Barclays Global Aggregate Bond Index (USD) declined -1% for the quarter and is down -3% YTD. Whilst sticky inflation delayed rate cuts in many markets, rates cuts are broadly expected in H2-24 given declining inflation and softer consumer demand. Europe commenced its rate easing cycle in Q2-24, cutting interest rates by 25 basis points (bps). The US and UK are expected to follow. 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 fixed income, we continue to make full use of the Fund's offshore capacity.

It was an eventful second quarter for SA with the election outcome driving a rally in domestic assets. The country's governing party, the ANC, lost its outright majority but the spirit of democracy prevailed as the ANC oversaw a peaceful transition to a centrist coalition government (whilst retaining the presidency). This coalition government has broad representation from across the political spectrum and some encouraging new appointments. A coalition government brings the prospect of better accountability but also risks policy paralysis as decision-making is more onerous. We think the outcome is marginally positive, albeit the challenges of decades of underinvestment in infrastructure, failing municipal service delivery, poor educational outcomes, a fiscally constrained government, and restrictive policy remain. Whilst there is upside risk from better management, a return of confidence and lower loadshedding, our base case remains a low-growth environment with ongoing infrastructure challenges. At the time of writing, the country has been free of loadshedding for more than 100 days. Given material underinvestment over many decades, we expect intermittent loadshedding to remain a part of life in SA but below the crisis levels of 2023.

The FTSE/JSE All Bond Index returned 7% for the quarter (6% for the YTD) as investor sentiment was bolstered by a market-friendly coalition. However, unless a step change in SA's economic growth can be delivered, the longer-term outlook remains challenged with sluggish growth in government revenues and expenditure that is hard to contain given the socioeconomic realities in SA. Given these headwinds, the Fund is underweight government bonds. The currency strengthened 3% against the USD during the quarter and is now broadly flat YTD.

The FTSE/JSE Capped Shareholder Weighted Index returned 8% for the quarter bringing YTD returns to 6% (given the negative first quarter). The Fund's preferred domestic asset remains SA equities. Holdings include global stocks listed on the JSE and selected resources and domestic stocks. Domestic stocks continue to offer good opportunities for stock picking as the gap between winning and losing businesses has widened in the tough economic environment. We retain a strong preference for the winners who can flourish even in a low growth environment by gaining market share.

The Financials Index (with its predominantly domestic exposure) drove Q2-24 market returns with a buoyant 18% return. Trading updates from the banks continued to indicate a weak economic environment with elevated credit losses. We were pleased with good earnings delivery from the Fund's core holdings in winning banks FirstRand and Capitec. Banks are leveraged to economic outcomes, and any uptick in growth would both reduce credit losses from high current levels and support advances growth.

The Industrials Index rose 5% for the quarter (+6% for the YTD). 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) for whom the rand strength was a headwind. Whilst larger holdings such as Richemont and Bidcorp detracted during the quarter, we believe both operate in growing markets with strong franchises that will take market share over time. Bidcorp is a food services business offering a one-stop supply solution for restaurants, food and hotel chains across 35 countries on five continents. The business benefits from scale and continues to grow organically by capturing the secular shift to out-of-home consumption as well as by consolidating a fragmented industry. We believe the current valuation does not adequately capture the long-term strong growth that Bidcorp is able to deliver. Key domestic holdings include Dis-Chem, ADvTECH and WeBuyCars (WBC); all of whom are expected to continue gaining market share. During the quarter, WBC was unbundled from Transaction Capital (TCP) and listed directly on the JSE. We believe this is a fantastic business that was being undervalued in the TCP structure. Coronation was able to increase the Fund's direct exposure by coming in as an early shareholder of reference. WBC is a strong, growing business with a long-term market share opportunity. Customers value its convenient service, fair prices, range of products, and trusted brand. We expect WBC to continue taking market share from independent dealerships.

The resource sector returned 4% for the quarter (+2% for the YTD) boosted by a take-out offer for Anglo American. Miners face increasing difficulty in bringing on new supply in an environment with increased regulatory scrutiny, community engagement requirements and ESG pressures. In addition, ore bodies are more complex, more remote, and deeper. This strengthens the position of owners of existing tier-one assets whilst supporting management decisions to buy assets rather than build. Considering this, BHP Billiton announced a takeover bid for Anglo American, hoping to secure their enviable portfolio of copper assets. The Fund benefited from its overweight holding in Anglo American, which it reduced during the bid process. With the bid gone (for now), the focus has shifted to Anglo American's own value creation plan: to exit less desirable commodities and refocus its portfolio on copper. This comes with high execution risk. The Fund holds an underweight position in the sector, given reasonably full valuations. The Fund's underweight position in gold shares contributed this quarter on the back of a more stable gold price and Gold Fields' production disappointment. It remains a detractor over the year, given the spike in the gold price. We do not believe current gold equity valuations offer sufficient margin of safety to increase our holding.

Outlook

The Fund continues to have a meaningful allocation offshore. While global equities have benefited from rising markets, there remain considerable stock picking opportunities given the narrow market returns. We believe the holding in global credits enhances the risk-adjusted returns of the portfolio. These offshore holdings are supplemented by domestic assets; predominantly SA equities, which is our favoured domestic asset class. A positive election outcome should improve sentiment and may support further appreciation in domestic asset classes. However, given the structural and economic challenges that continue to plague SA, we believe the large offshore allocation remains optimal for delivering long-term risk-adjusted returns.

Portfolio manager
Karl Leinberger and Sarah-Jane Alexander
as at 30 June 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 A 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 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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