

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.

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

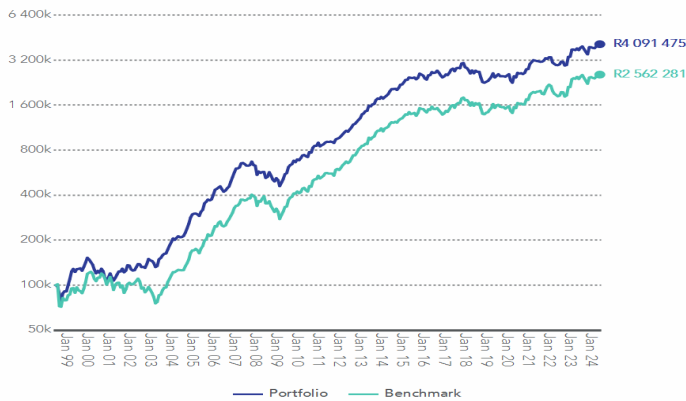
CLASS P as at 31 May 2024

ASISA Fund Category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R727.96 million
NAV	25966.11 cents
Benchmark	FTSE/JSE Industrial Index
Portfolio manager/s	Godwill Chahwahwa and Nicholas Hops

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.17%	1.17%
Fund expenses	0.03%	0.03%
VAT	0.15%	0.15%
Transaction costs (inc. VAT)	0.26%	0.20%
Total Investment Charge	1.43%	1.38%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2024
Domestic Assets	100.0%
■ Equities	99.7%
Basic Materials	4.8%
Industrials	2.1%
Consumer Goods	12.8%
Health Care	3.9%
Consumer Services	35.7%
Telecommunications	1.7%
Technology	38.8%
■ Cash	0.3%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	3991.5%	2462.3%	1529.2%
Since Launch (annualised)	15.4%	13.3%	2.1%
Latest 20 years (annualised)	16.0%	16.2%	(0.2)%
Latest 15 years (annualised)	14.3%	14.6%	(0.3)%
Latest 10 years (annualised)	7.5%	7.9%	(0.4)%
Latest 5 years (annualised)	10.8%	10.8%	0.0%
Latest 3 years (annualised)	9.0%	9.2%	(0.2)%
Latest 1 year	9.5%	7.0%	2.5%
Year to date	4.8%	3.9%	0.8%

TOP 10 HOLDINGS

As at 31 Mar 2024	% of Fund
Naspers Ltd	25.0%
Prosus Nv	9.7%
British American Tobacco Plc	8.6%
Bid Corp Ltd	8.2%
Cie Financiere Richemont Ag	8.2%
Anheuser-busch Inbev Sa/nv	5.0%
Mondi Limited	4.7%
Aspen Phamacare Holdings Ltd	4.0%
Mtn Group Ltd	3.9%
Advtech Ltd	3.6%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.3%	17.4%
Sharpe Ratio	0.46	0.29
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	62.4%	62.4%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
30 Sep 2022	03 Oct 2022	194.36	194.28	0.08

	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%								4.8%
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)%	15.9%
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%	0.7%
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%	20.2%
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%	10.3%

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

Performance

The Fund returned 1.2% for the quarter, ahead of the benchmark return of 0.6%. Since inception, the Fund has generated an annualised return of 15.4%, some 2.1% per annum ahead of the benchmark.

Economic backdrop

Stock markets in the developed world continued to march higher in the first quarter of the year, with the S&P 500 posting several new all-time highs. The positive sentiment is being driven by the resilience of the US economy, especially despite the sharp up cycle in interest rates. Growth has been strong, and unemployment has been extremely low. Company earnings have, as a consequence, been healthy, which has translated to the strong performance of the US stock market. The one small negative is that inflation has not moved back to the 2% target area but has fallen from the highs to the pretty acceptable 3% area. A gradual slide lower is still expected, which will enable the Fed to start the cutting cycle later in the year.

Fund Positioning

The South African economy, hampered by ageing infrastructure and poor maintenance, has continued to struggle. Without enough power, efficient rail transport and harbours struggling to move exports, the outlook for growth remains constrained. Shares linked to the local economy therefore had to contend with the extremely disadvantageous environment of low growth and rising costs. No wonder the performance of what is known as “SA Inc.” stocks has been poor over the long term. Many of these stocks are trading at very low multiples and appear cheap, but we are wary of falling into value traps. The portfolio consequently remains heavily tilted in favour of the global businesses listed on the JSE, with a meaningful SA underweight.

Some domestic stocks are gaining market share from competitors and a few others have found niche growth, but one has to be very selective in the local market. Examples of these include ADvTECH in the education space, Dis-Chem in the pharmacy space, and Grindrod in the infrastructure space. ADvTECH is a private education provider in the primary and tertiary markets in South Africa competing against a weakening public education system with limited capacity for the growth in demand and whose facilities are under-invested. Dis-Chem is growing by consolidating the highly fragmented pharmacy space, leveraging on their scale and brand to bring greater efficiencies that standalone pharmacies cannot achieve. Grindrod is a beneficiary of the ageing and decay in public port and rail infrastructure facilities discussed earlier by offering a working alternative for companies seeking to import or export products efficiently in South Africa. Both ADvTECH and Dis-Chem have compounded earnings growth just under 20% p.a. for the last three years compared to their pre-Covid earnings base, while Grindrod moved from loss-making to R1.51 per share over the same period, representing a 8.3 times multiple to its current share price. All three companies are meaningful holdings in the Fund.

For the quarter, the top contributors to performance include underweights in Shoprite, Clicks, and Vodacom, as well as overweight positions in ADvTECH and Naspers. Shoprite is one of the domestic companies that is growing strongly and taking share from what is a much weaker competitor in Pick n Pay. The business has invested well over the long term in its capabilities and was very successful in executing its delivery offering Sixty60, particularly

during the Covid period when home deliveries were a critical competitive advantage. The share has re-rated meaningfully and now trades at a valuation that more than fully discounts the strong growth and market share gains, leaving very little margin for error. Shoprite is a good company but due to a demanding valuation, the Fund is underweight.

Detractors to fund performance for the quarter included underweight positions in MultiChoice Group, MTN, and Mr Price as well as overweight positions in Metair and SPAR. During the quarter, Vivendi’s Canal+ made a bid to take out the balance of the MultiChoice shares they did not already own. After a rejected initial R105 per share bid, Canal+ increased its offer to R125 per share and secured support from the MultiChoice board. The deal price came well ahead of our assessment of the intrinsic value for MultiChoice, a business with a mature premium subscriber base in SA which faces competitive threats from cheaper alternative offerings like Netflix and Amazon Prime over the long term. The Africa business is loss-making and facing rising dollar content costs against weak local currency revenues. We believe MultiChoice is a challenged business over the long term and, as such, are not invested in the Fund.

Notable trades in the quarter included purchases in Spur, Mondi, Foschini, Anheuser-Busch InBev and British American Tobacco, funded from sales in MTN, KAP, Famous Brands, Shoprite, and Woolworths.

The world today is awash with uncertainty. Geopolitical tensions remain high in Ukraine and the Middle East – perhaps reflected in gold trading at an all-time high of around \$2 300/oz at the time of writing. Domestically, the national elections in May are likely to attract much attention. With all this uncertainty in mind, we aim to construct a portfolio that is resilient under a variety of scenarios rather than to any single outcome or event. As part of this strategy, we aim to position the Fund in favour of strong and enduring franchises where there is ample margin of safety relative to our assessment of intrinsic value. While there remains many stocks within SA at low multiples, the risks of buying weak businesses that only get weaker in the current challenging environment is very high. The opportunity offered by global businesses such as Mondi, Anheuser-Busch InBev, Bidcorp, Richemont, Naspers/Prosus and British American Tobacco, which happen to be listed in our market and trade at attractive valuations, remains attractive in our view.

Portfolio managers

Nicholas Hops and Godwill Chahwahwa

as at 31 March 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; 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

IMPORTANT INFORMATION REGARDING TERMS OF USE

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