

## 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

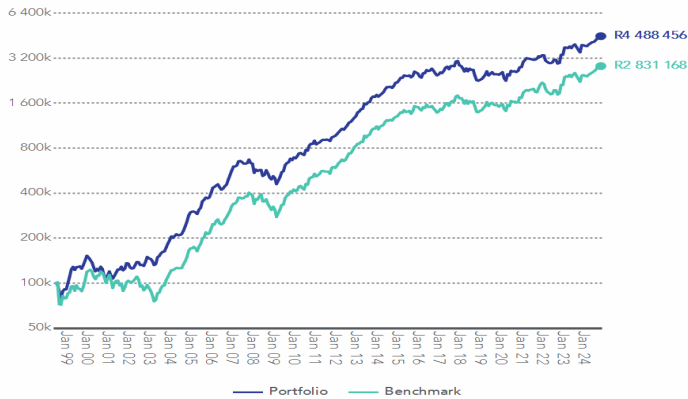
Launch Date	1 July 1998
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Industrial Index
ASISA Fund Category	South African – Equity – Industrial
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCGRO
ISIN Code	ZAE000019741
JSE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

CLASS P as at 31 October 2024

ASISA Fund Category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R775.54 million
NAV	28302.35 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)	4388.5%	2731.2%	1657.3%
Since Launch (annualised)	15.5%	13.5%	2.0%
Latest 20 years (annualised)	15.3%	15.9%	(0.5)%
Latest 15 years (annualised)	13.4%	13.7%	(0.3)%
Latest 10 years (annualised)	8.0%	8.4%	(0.4)%
Latest 5 years (annualised)	12.4%	12.7%	(0.3)%
Latest 3 years (annualised)	10.8%	12.0%	(1.2)%
Latest 1 year	28.3%	27.3%	1.0%
Year to date	14.9%	14.8%	0.1%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.2%	17.3%
Sharpe Ratio	0.47	0.30
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	62.7%	62.7%

	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)%			14.9%
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%

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

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Oct 2024
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>100.0%</b>
Basic Materials	2.9%
Industrials	4.8%
Consumer Goods	9.3%
Health Care	1.0%
Consumer Services	35.3%
Telecommunications	6.9%
Financials	1.2%
Technology	38.6%
■ <b>Cash</b>	<b>0.0%</b>

## TOP 10 HOLDINGS

As at 30 Sep 2024	% of Fund
Naspers Ltd	26.4%
Prosus Nv	10.4%
British American Tobacco Plc	6.6%
Bid Corp Ltd	6.2%
Mtn Group Ltd	6.1%
Anheuser-busch Inbev Sa/nv	4.1%
Advtech Ltd	3.5%
Pepkor Ltd	3.4%
Mondi Limited	3.0%
The Foschini Group Ltd	2.9%

## 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 12.7% for the quarter relative to the benchmark return of 11.6%. Since inception, the Fund has generated an annualised return of 15.7%, some 2% ahead of the benchmark.

Key contributors to Fund performance in the quarter were our underweight in Aspen and positive contributions from Brait, Nampak and Naspers. Key detractors were underweight positions in Vodacom and Mr Price. What has been encouraging for the calendar year thus far is that Fund performance has been ahead of the benchmark despite having a meaningful SA economic underweight going into the positive election outcome of the second quarter.

### Trades

In the quarter we reduced our Aspen position to zero and also sold down Richemont. We bought MTN, Vodacom and Foschini. On an aggregate basis, we reduced the SA economic underweight within the Fund.

### Fund positioning

Naspers/Prosus, and all Chinese assets, benefited from what has been perceived as a coordinated policy response from the Chinese political leadership. Their actions catalysed a tremendous rally in Chinese assets from very depressed levels. From Naspers/Prosus' perspective, we continue to believe that the shares trade at a large discount to their intrinsic value and they remain a keystone position within the Fund. We continue to see very favourable capital allocation and financial performance from Tencent as well as Naspers/Prosus, with increased buybacks and dividends being a key feature of our investment case. Naspers and Prosus continue to trade at a discount to the spot value of their stake in Tencent alone, all the while they continue to demonstrate the value of their "rump" assets on which the market still place a discount.

Brait and Nampak both contributed to the Fund in the quarter, and whilst the timelines may differ, they share a common theme: excess debt, capital raises, and operational turnarounds. Phil Roux, the new Nampak CEO since April 2023, has led a dramatic operational improvement which, when combined with a rights issue and asset sales, has helped to set the company on a meaningfully better footing than it has been for some time. As Nampak is near to putting its financial leverage issues behind it, we believe the company will be able to compete more effectively within its key categories, driving shareholder value going forward. The Fund participated in the August rights issue for Brait, having bought a starter position in the previous quarter. Brait's key asset is its 67.4% stake in Virgin Active which has been under financial pressure since Covid. Debt build-up over that time frame necessitated the need for a rights issue which has combined with an improvement in the underlying financial performance of the Virgin Active business. Brait owns 34% of Premier Foods which has been performing well operationally and given its listed nature can be considered "near cash" from Brait's balance sheet perspective. Brait has recently been selling Premier shares in the market

to shore up cash resources. Going forward, as Virgin Active continues to improve operationally, the business will be able to restructure its current debt package and there is the potential for a separate IPO of the Virgin Active business. We believe there is a lot of value remaining in both Brait and Nampak.

A new position for the Fund after having not owned the business for some time is Vodacom. With the share price having more than halved since its peak in 2017, and a compelling earnings growth and cash returns story, we built a small position in the quarter. An ill-timed acquisition of their new Egyptian business has been a key driver of capital loss in recent years, due to the devaluation of the Egyptian pound that came soon after. Operationally, the Egyptian business is on a solid footing and we believe it will continue to be a dominant local player going forward. Vodacom's key asset is its stake in Safaricom, the leading mobile network operator in Kenya with a dominant mobile money service called M-Pesa. Growth out of this business has been strong and continues to be so with blue sky potential from their startup Ethiopian business. Again, in South Africa Vodacom are dominant and the low growth market is a key source of dividends for shareholders. Vodacom is on an attractive 6.5% dividend yield, and we believe it could grow earnings at 10% over the next five years – an appealing return profile.

### Outlook

We believe that the global stocks owned within the portfolio offer exceptional value on a risk-adjusted basis, operating in global markets with a strong growth runway. Within South Africa, we are cognisant of the potential for a better economic environment in the next five years if the new government can deliver on its potential. Primarily, we remain invested in South African economically exposed shares that have the potential to either grow their markets or grow their market share, to drive earnings. At the margin, we have been adding to specific stocks where there is still relative value. The hurdle for a stock to enter the portfolio is high and we are optimistic about our stock selection and the outlook for returns.

### Portfolio managers

**Nicholas Hops and Godwill Chahwahwa**

as at 30 September 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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