CORONATION BALANCED PLUS FUND

Fund Information as at 28 February 2025

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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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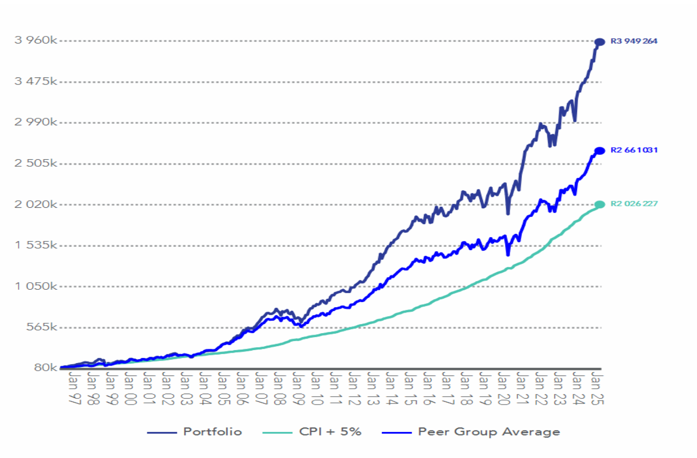
CLASS A as at 28 February 2025

ASISA Fund Category	South African – Multi-asset – High Equity
Launch date	15 April 1996
Fund size	R124.51 billion
NAV	16529.38 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	1.62%	1.64%
Fund management fee	1.25%	1.25%
Fund expenses	0.19%	0.20%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.18%	0.19%
Total Investment Charge	1.80%	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)	3849.3%	1926.2%	2561.0%
Since Launch (annualised)	13.6%	11.0%	12.1%
Latest 20 years (annualised)	12.3%	10.5%	10.1%
Latest 15 years (annualised)	10.8%	10.1%	9.2%
Latest 10 years (annualised)	8.0%	10.1%	7.1%
Latest 5 years (annualised)	13.0%	9.9%	11.0%
Latest 3 years (annualised)	10.1%	10.3%	8.8%
Latest 1 year	15.1%	8.5%	13.6%
Year to date	2.0%	2.3%	0.9%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	12.8%	10.1%
Sharpe Ratio	0.36	0.31
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	67.3%	65.3%

	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	28 Feb 2025
Domestic Assets	56.8%
Equities	37.7%
Basic Materials	5.1%
Industrials	0.4%
Consumer Goods	4.1%
Health Care	0.3%
Consumer Services	6.7%
Telecommunications	1.3%
Financials	10.2%
Technology	6.9%
Derivatives	2.7%
Unlisted	0.0%
Real Estate	5.3%
Bonds	10.1%
Cash	3.7%
International Assets	43.2%
Equities	34.5%
Real Estate	0.2%
Bonds	7.5%
Cash	1.1%

TOP 10 HOLDINGS

As at 31 Dec 2024	% of Fund
Naspers Ltd	4.7%
FirstRand Limited	2.4%
Capitec Bank Holdings Ltd	2.1%
Dis-chem Pharmacies Ltd	1.7%
Nepi Rockcastle Plc	1.6%
We Buy Cars	1.4%
Richemont	1.4%
Standard Bank Of SA Ltd	1.4%
Mondi Limited	1.4%
Bid Corp Ltd	1.4%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2024	01 Oct 2024	108.77	57.58	51.19
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

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	2.2%	(0.2)%											**2.0%**
Fund 2024	0.0%	2.0%	1.0%	0.0%	1.4%	0.4%	2.0%	0.8%	3.0%	(0.4)%	3.8%	0.3%	**15.1%**
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%**

Issue date: 2025/03/12

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 had a good year, returning 15.1% (3.6% in Q4). It benefited from its high allocation to equities (both global and local), which have delivered strong returns over the past 12 months. The Fund has performed well over meaningful periods in absolute terms and relative to the peer group.

Fund positioning

Global markets delivered a second year of strong returns, with the MSCI All Country World Index returning 17% for the year in USD (-1% in Q4) after rising 22% in 2023. The S&P 500 Index rose 25% for the year (2% in Q4), backed by a resilient US economy which defied expectations. Emerging markets lagged behind their developed peers as the MSCI Emerging Markets Index rose 8% for the year in USD (-8% in Q4), with particular weakness in Brazil, Mexico, Egypt, and Korea. Broad-based US dollar strength was an additional headwind. Chinese economic growth remained lacklustre, but stimulus measures announced in September boosted market returns. The MSCI China Index ended the year up 20% in USD after recording double-digit declines in each of the two years prior.

Strong S&P Index returns have been driven by a narrow basket of stocks, with the Magnificent Seven returning 246% over the last two years. This has increased concentration, with the Top 10 S&P 500 stocks comprising 40% of the Index – the highest level in more than 30 years. Whilst we don't advocate owning the indices at this level, we see rich stock-picking opportunities in neglected shares, both within the US market and across regional markets. It was pleasing to see support for this thesis in the latter part of 2024, as the Fund's global equity holdings delivered strong alpha. Notable contributions came from wide-ranging sources and included both US stocks (a compounder like Interactive Brokers) and regional stocks (long-duration growth stocks like Auto 1, Spotify, or SEA). The attractive value in our global basket of stocks continues to support a meaningful allocation to global equities. Portfolio holdings are diversified, both geographically and by sector. The basket includes compounders, long-duration growth stocks and value stocks. The diversification it brings to a South African portfolio is an additional benefit.

Many countries went to the polls in 2024. It was a challenging year for incumbent leadership as voters rejected the status quo. In the US, Donald Trump unseated the Democrats and returned to power. Governing parties across our own SADC region lost votes, too, as seen in the national election outcomes for South Africa, Mozambique, Botswana, and Namibia. The global geopolitical situation remained fraught. Israel broadened its field of military operations with targeted operations across the region, including Lebanon and Syria. These actions contributed to the fall of the Assad regime in Syria. Despite the turbulence in the Middle East, the oil price declined slightly in the year (Brent crude -3%) as demand remained weak and supply is expected to grow in 2025. The Russia-Ukraine war drags on almost three years after the initial invasion. Trump, who assumes the US presidency in late January, has promised a swift end to the conflict. His return to power in the US is expected to see a rise in protectionism and trade tariffs (most notably against China) as envisioned in his "America First" policy. The gold price rose 27% for the year (in USD) in response to the heightened geopolitical risk as central banks bought the yellow metal. The Fund has very little exposure to gold, trading above our assessment of its long-term fair value.

Global inflation broadly trended downwards, enabling the US Federal Reserve Board to surprise the market with a larger-than-expected 50 basis points (bps) cut in September and a total of 100bps of rate cuts by year-end. We expect a shallow rate-cutting cycle on the back of a resilient economy and sticky inflation.

The Bloomberg Barclays Global Aggregate Bond Index (USD) declined -2% for the year (-5% for Q4). The Fund continues to have no exposure to developed market sovereign bonds, which we believe offer insufficient return to compensate for the risks stemming from heavily indebted sovereign balance sheets. Sovereign indebtedness has ratcheted up in most major economies, with Covid causing a marked deterioration. The austerity required to reign in deficits is a challenge to democracies where voters tend to think short-term. The Fund has a reasonable holding in offshore credit bonds that offer attractive, high single-digit US dollar yields. These instruments bring exposure to a range of geographies and sectors. This presents a compelling alternative to the concentrated sovereign and economic risks inherent in South African government bonds and the narrower credit spreads in our domestic market. Given the rich opportunities in global equity and global fixed income, we continue to use the Fund's offshore capacity in full.

It has been a good year for South Africa. Calendar year 2024 brought relief from the load shedding that was crippling the economy, saw a positive election outcome (with a centrist coalition committed to reform) and the prospect of better economic growth. This progress is reflected in buoyant returns from domestic assets, with the FTSE/JSE Capped Shareholder Weighted Index (CSWIX) returning 13% for the year (-2% for the quarter), FTSE/JSE All Bond Index returning 17% for the year (flat for the quarter) and the FTSE/JSE All Property Index (ALPY) up 30% for the year (also flat for the quarter).

The consumer is experiencing relief in the form of fewer power outages, lower fuel prices, falling food inflation and 50bps in rate cuts. The release of pension savings (previously unavailable without resignation) via the "two-pot" retirement system is an additional, lower-quality tailwind. These factors are driving real growth in consumer spending of which we are seeing early evidence.

Unfortunately, South Africa is not yet benefiting from a step change in investment (neither foreign nor domestic) as investors wait to see whether the GNU coalition government endures and if it can deliver much-needed structural reform. This reform is essential to support better medium-term economic growth. Thus far, we have seen good progress in power and positive early-stage developments in rail reform. Without sufficient reform, the consumer tailwind will fade, and local assets will look expensive (given their higher rating and the lack of subsequent growth).

The rand weakened -8% against the USD in the fourth quarter (-3% for the year) in solidarity with most major currencies as markets priced in stronger US growth and fewer rate cuts. Encouraging developments within South Africa support the prospect of a stronger rand. The Fund has taken additional ZAR currency exposure.

Despite the optimism, South Africa faces many headwinds. The country's assets and infrastructure remain profoundly damaged by a decade of mismanagement. Municipal service delivery is poor. The state of water quality and availability is deeply worrying and a significant threat to economic activity. The long-term fiscal outlook remains concerning with a high starting level of sovereign debt. Without a meaningful pick-up in economic growth, South Africa faces ongoing deterioration in its debt-to-GDP ratio. Given these headwinds, the Fund is underweight government bonds.

The Fund's preferred domestic asset remains local equities, which have delivered pleasing returns over the past year (CSWIX +13% over one year). Holdings include global stocks listed on the JSE and selected resources as well as domestic stocks. Performance at a sector level reflects the strong performance of domestic shares, with the heavily domestic Financials Index up 22% for the year (-1% for the quarter) and the Industrial Index up 18% for the year (flat for the quarter). The Fund benefited from a significant underweight in resources. The Resources Index lagged meaningfully, declining -9% for the year (-9% in Q4).

The improved SA outlook drove an expansion in market multiples for domestic shares. These businesses will need to demonstrate faster earnings growth to justify the multiple expansion from which they benefited in 2024. Whilst the basket of domestic stocks held by the Fund will not be isolated from changes to the economic growth outlook or sentiment, stock picking has remained focused on businesses where we believe the fundamentals are solid. These businesses should grow their medium-term earnings even if tough economic conditions prevail. In previous commentaries for the 2024 calendar year, we highlighted OUTsurance, Capitec, Advtech, and WeBuyCars; all of which delivered good results during the year despite challenging economic conditions. Pepkor, too, deserves mention where the intensified efforts of management over the last few years were evident in recent results with improved retail sales, a meaningful pick up in fintech performance and the launch of innovative new products like FoneYam.

The Fund holds an underweight position in the resources sector, given reasonably full valuations. China's shift to less infrastructure-heavy growth remains a headwind to demand, contributing to a weaker outlook for many commodities. The Fund has built a small position in the PGM miners where a slower transition to electric vehicles will sustain demand for longer whilst underinvestment in mines contributes to declining supply. This should result in a tight market for several years, bringing considerable cash flows to those miners who are sufficiently well positioned to benefit.

The Fund's overweight position in property has contributed to performance over the year. We are not constructive on the sector in aggregate, given the challenges it faces. These include shifting nodal patterns, poor local government delivery, and above-inflationary cost pressures. A key portfolio holding like Attacq has benefited from these trends as its flagship Waterfall Estate property provides high-quality and reliable infrastructure and services to its tenants.

Outlook

The Fund continues to have a meaningful allocation offshore. This broad basket of global equities and credits offers compelling risk-adjusted returns. These offshore holdings are supplemented by domestic assets, predominantly SA equities which remain our favoured local asset class. The attractive upside to fair value evident in our basket of equities reflects the exciting stock-picking opportunities we see across the SA market and globally. We believe the high offshore exposure, combined with a high equity allocation, serve the Fund well to deliver its medium-term return expectations.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 31 December 2024

CORONATION BALANCED PLUS FUND

Important Information

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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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