

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in the financial services industry. It seeks to outperform an index of financial companies listed on the Johannesburg Stock Exchange (the JSE Financial Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The Financial Fund primarily invests in the shares of companies listed on the Johannesburg Stock Exchange but can also invest in international equities.

The fund will remain fully invested in listed companies that earn a significant portion of their earnings from financial services. These include banks, insurance companies and related businesses.

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 financial companies that could offer strong long-term investment growth.

Shares are selected following rigorous 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 who

- ▶ want to diversify their investments to include specific exposure to banks, insurers and related businesses;
- ▶ believe that the financial sector offers compelling value;
- ▶ accept that the fund may underperform the broader market significantly in the short term as a result of its sector focus;
- ▶ seek to hold the Financial Fund as one of multiple funds in their investment portfolio.

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 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?



**NEILL
YOUNG**
BBusSc (Hons Fin), CA
(SA), CFA



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

GENERAL FUND INFORMATION

Launch Date	1 July 1998
Fund Class	A
Benchmark	FTSE/JSE Financials ex Real estate Index
ASISA Fund Category	South African – Equity – Financial
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORFING
ISIN Code	ZAE000019766
JSE Code	CNFG

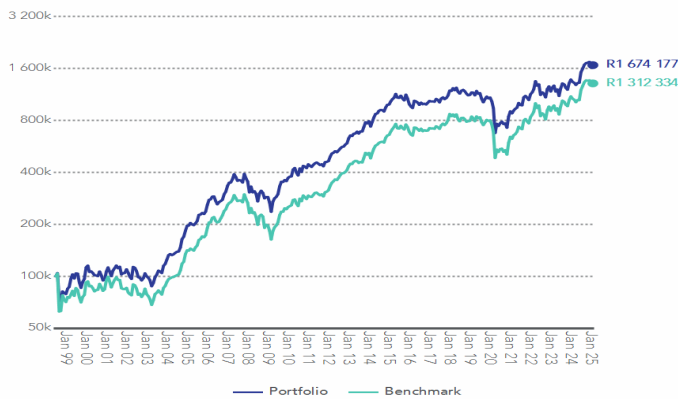
CLASS A as at 31 January 2025

ASISA Fund Category	South African - Equity - Financial
Launch date	01 July 1998
Fund size	R424.49 million
NAV	7089.33 cents
Benchmark	FTSE/JSE Financials (ex Real estate) Index
Portfolio manager/s	Neill Young and Godwill Chahwahwa

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.47%	1.47%
Fund expenses	0.05%	0.05%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.12%	0.18%
Total Investment Charge	1.60%	1.65%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jan 2025
Domestic Assets	98.0%
Equities	97.6%
Consumer Goods	2.9%
Financials	94.7%
Cash	0.4%
International Assets	2.0%
Equities	1.9%
Cash	0.0%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1574.2%	1212.3%	361.8%
Since Launch (annualised)	11.2%	10.2%	1.0%
Latest 20 years (annualised)	11.3%	11.8%	(0.5)%
Latest 15 years (annualised)	10.4%	11.5%	(1.1)%
Latest 10 years (annualised)	4.9%	6.6%	(1.7)%
Latest 5 years (annualised)	10.1%	11.6%	(1.4)%
Latest 3 years (annualised)	12.9%	14.9%	(2.0)%
Latest 1 year	25.1%	22.7%	2.4%
Year to date	(2.8)%	(2.9)%	0.1%

TOP 10 HOLDINGS

As at 31 Dec 2024	% of Fund
FirstRand Limited	21.5%
Standard Bank Of SA Ltd	16.5%
Capitec Bank Holdings Ltd	10.7%
Sanlam Life Assurance Limited	8.2%
Nedbank Ltd	7.8%
Discovery Holdings Ltd	6.9%
Investec Limited	4.9%
Outsurance Group Ltd	4.7%
Absa Group Limited	3.6%
Quilter	3.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	19.8%	20.9%
Sharpe Ratio	0.14	0.09
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(45.4)%	(45.3)%
Positive Months	59.2%	59.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2024	01 Oct 2024	161.68	160.13	1.54
28 Mar 2024	02 Apr 2024	83.65	82.94	0.71
29 Sep 2023	02 Oct 2023	180.39	179.14	1.24
31 Mar 2023	03 Apr 2023	82.22	81.36	0.86

	Fund	Date Range
Highest annual return	63.0%	Aug 2004 - Jul 2005
Lowest annual return	(39.5)%	Apr 2019 - Mar 2020

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	(2.8)%												(2.8)%
Fund 2024	(3.2)%	(1.0)%	(2.9)%	2.5%	0.5%	14.9%	4.9%	5.5%	2.1%	0.7%	1.0%	(1.6)%	24.6%
Fund 2023	5.6%	2.5%	(7.6)%	2.9%	(8.4)%	10.8%	6.7%	(1.2)%	(4.5)%	(2.5)%	9.2%	5.0%	17.3%
Fund 2022	2.7%	4.1%	11.4%	(5.8)%	1.9%	(13.2)%	3.6%	(2.0)%	(4.6)%	11.8%	3.5%	(6.6)%	3.9%
Fund 2021	(2.6)%	3.7%	2.5%	1.5%	6.5%	(2.7)%	(0.5)%	11.5%	1.8%	(2.4)%	(3.0)%	7.8%	25.5%

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

Performance

The Fund returned 0.1% for the fourth quarter of 2024, taking the return for the year to 24.6% relative to the benchmark return of 22.4%. Since inception, the Fund has returned 11.3% annualised return, 1% ahead of the benchmark.

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.

The South African stock market also had a stellar year, benefiting from a post-election re-rating driven by the positive election outcome, which gave rise to a Government of National Unity (GNU), a centrist coalition committed to reform. This was 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 SA Listed Property Index (SAPY) up 29% for the year (-1% for the quarter). Within domestic equities, financials outperformed the broader market, delivering 22% for the year (-1% in Q4) with the life insurance sector (27%) outperforming the banks (23%). However, for the rally to be sustained, this hope now needs to translate into higher economic growth. The much-improved power supply is a promising sign that economic conditions could indeed improve. Going forward, we need to see improvements in other infrastructure areas as well.

Key contributors to fund performance in the quarter include overweight holdings in WeBuyCars, OUTsurance, St James' Place, Discovery and PSG Konsult. Detractors include underweight positions in Absa, Capitec and Momentum Metropolitan Holdings as well as an overweight position in Standard Bank.

Portfolio actions and positioning

From a valuation perspective, the domestic market rallied from very cheap levels to a more normal but not yet expensive level. We continue to favour the higher quality companies with stronger management teams who we believe will best manage what we expect to be a continued bumpy ride for the local economy. Examples of such companies include OUTsurance, FirstRand and Discovery – all gaining share in their respective sectors.

OUTsurance has a strong emphasis on providing good value to consumers through disciplined, scientific underwriting, combined with a strong focus on cost efficiency. This has enabled OUTsurance to build sizeable and profitable businesses across SA and Australia. We expect OUTsurance to continue gaining share across these markets. FirstRand has market-leading positions in vehicle finance via WesBank, retail banking via First National Bank and corporate and investment banking via Rand Merchant Bank. The bank is conservatively run from a risk-taking and provisioning perspective, but at the same time is innovative in its growth initiatives. The share derated during 2024 given concerns around the possibility of a regulatory fine relating to the mis-selling of motor vehicle finance in their UK business MotoNovo. While this remains a risk for the FirstRand investment case, we believe that the extent of the derating is excessive and presents an opportunity to add to our holding. Discovery, a share we covered extensively in the prior commentary, is a high-quality business which we believe will now enter a new

phase of strong earnings growth (targeting 15-20% annualised growth over the next five years) after many years of investing in new initiatives such as a bank in South Africa, the global Vitality Network partner business as well as the Chinese health insurance joint venture, Ping An.

During the quarter, Absa meaningfully outperformed its banking peers after releasing a pre-close statement updating the market on current performance which outpaced market expectations, particularly on the credit loss line and providing a positive outlook into 2025. The business has suffered from inconsistent strategy execution following the many changes within the senior leadership team over the last five years. (The bank has had six CEO's since 2019 and is currently under an interim CEO). It therefore remains to be seen whether the green shoots from the December trading update translate into a sustained improvement of the underlying operations over the long term, but there is a risk that a new CEO may shift strategy yet again when appointed. The risk-return profile for the group therefore remains unattractive in our view and we continue to prefer FirstRand, Standard Bank and Nedbank ahead of Absa, despite its cheaper valuation.

In December, Ninety One announced a transaction to acquire a 100% stake in Sanlam Investment Management, a subsidiary of the Sanlam group and an active investment manager. In addition, Sanlam appointed Ninety One as its primary active investment manager for single-managed local and global products. In exchange, Sanlam will receive a 12.3% equity stake in Ninety One. This transaction will consolidate two large players in the local asset management industry, creating a player of significant scale. The asset management industry locally and globally has suffered fee margin pressure and battled to generate sustained positive inflows. It is therefore not unusual to see consolidation deals such as this one to drive returns in the sector. Within the savings value chain, wealth management businesses have fared better, attracting positive net flows, and experiencing much less fee pressure. Wealth managers have therefore been better able to grow earnings. It is for this reason that we prefer greater exposure to the wealth management space in the Fund via holdings in Quilter, St James' Place and PSG Konsult.

During the quarter, we added to positions in Nedbank, FirstRand, Quilter, Capitec and Standard Bank, funded from reduced holdings in Reinet, Coronation Fund Managers, OUTsurance and Santam.

Outlook

Domestic assets have rerated in anticipation of a better outlook following the 2024 national election and formation of the GNU. We are cautiously optimistic that better days lie ahead, but the coalition is fragile, and we are still cognisant of the significance of the reforms needed to reverse decades of underinvestment in South Africa. It becomes even more important now to avoid weak businesses and focus on the strong franchises that we expect to demonstrate resilience on the bumpy ride that may well lie ahead but that are also likely to take market share, should the country move to a higher growth trajectory.

Portfolio managers

Neill Young and Godwill Chahwahwa

as at 31 December 2024

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

The Financial 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. The fund is mandated to invest 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. 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.

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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