CORONATION BALANCED PLUS FUND

Fund Information as at 30 June 2022

CORONATION

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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 0.85% (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

Fund Launch Date	15 April 1996
Fund Class	P (previously class B4)
Class Launch Date	2 April 2012
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)
Bloomberg Code	CBALDB4
ISIN Code	ZAE000165205
JSE Code	CBFB4

** Benchmark change. Please refer to page 4 for more details.*

CORONATION BALANCED PLUS FUND

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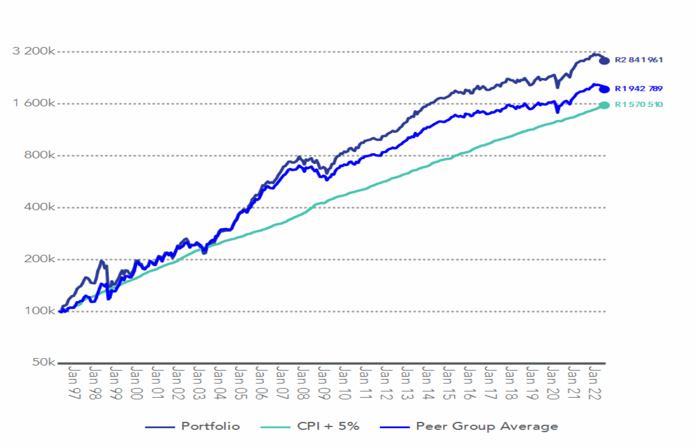
CLASS P as at 30 June 2022

ASISA Fund Category	South African – Multi-asset – High Equity 02
Launch date	April 2012
Fund size	R93.30 billion
NAV	11965.36 cents
Benchmark/Performance Fee Hurdle	ASISA fund category average (excluding Coronation funds)*
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

	1 Year	3 Year
Total Expense Ratio	1.17%	1.18%
Fund management fee	0.84%	0.84%
Fund expenses	0.20%	0.21%
VAT	0.13%	0.13%
Transaction costs (inc. VAT)	0.21%	0.19%
Total Investment Charge	1.38%	1.37%

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)	2742.0%	1470.5%	1842.8%
Since Launch (annualised)	13.6%	11.1%	12.0%
Latest 20 years (annualised)	12.8%	10.5%	10.9%
Latest 15 years (annualised)	9.5%	10.6%	7.4%
Latest 10 years (annualised)	9.9%	10.1%	8.1%
Latest 5 years (annualised)	7.1%	9.5%	6.1%
Latest 3 years (annualised)	8.4%	9.5%	6.6%
Latest 1 year	0.3%	11.6%	2.5%
Year to date	(9.0)%	5.9%	(6.8)%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	13.0%	10.3%
Sharpe Ratio	0.35	0.28
Maximum Gain	57.9%	29.5%
Maximum Drawdown	(34.3)%	(18.8)%
Positive Months	66.6%	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	30 Jun 2022
Domestic Assets	70.3%
Equities	45.8%
Basic Materials	11.1%
Industrials	0.9%
Consumer Goods	4.8%
Health Care	0.6%
Consumer Services	6.6%
Telecommunications	1.3%
Financials	10.0%
Technology	7.0%
Derivatives	3.5%
Unlisted	0.0%
Real Estate	2.9%
Bonds	20.0%
Commodities	0.0%
Cash	1.6%
International Assets	29.7%
Equities	29.2%
Real Estate	0.2%
Bonds	0.1%
Commodities	0.0%
Cash	0.3%

TOP 10 HOLDINGS

As at 30 Jun 2022	% of Fund
Prosus Nv	3.9%
Naspers Ltd	2.8%
Glencore Xstrata Plc	2.5%
RMB Holdings	2.4%
Standard Bank Of SA Ltd	2.0%
Anglo American Plc	1.8%
Compagnie Financiere Richemont Sa	1.8%
Sasol Ltd	1.7%
Anglogold Ashanti Limited	1.5%
Fortress Income Fund Ltd A	1.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2022	01 Apr 2022	169.63	58.31	111.32
30 Sep 2021	01 Oct 2021	225.97	97.79	128.18
31 Mar 2021	01 Apr 2021	227.40	126.85	100.55
30 Sep 2020	01 Oct 2020	115.42	48.59	66.83

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(1.8)%	0.9%	(0.3)%	(1.9)%	(0.6)%	(5.5)%							**(9.0)%**
Fund 2021	3.8%	4.1%	0.9%	1.8%	0.4%	(0.5)%	2.1%	1.0%	(0.6)%	4.0%	0.3%	2.9%	**22.0%**
Fund 2020	0.8%	(5.6)%	(11.0)%	10.1%	1.5%	2.9%	2.6%	2.4%	(2.2)%	(2.6)%	8.9%	2.9%	**9.4%**
Fund 2019	2.2%	4.1%	2.1%	2.5%	(4.3)%	1.5%	(0.2)%	(0.6)%	1.7%	2.4%	0.0%	1.5%	**13.3%**
Fund 2018	0.1%	(1.7)%	(1.7)%	4.1%	(2.3)%	2.2%	(0.2)%	2.7%	(3.0)%	(2.9)%	(3.5)%	0.5%	**(5.9)%**

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

The Fund returned -7.9% for the quarter, resulting in a return of -0.3% over the last year. Its preference for local equities over global over the 12-month period has contributed to performance. The Fund has performed well against its peer group over all meaningful time periods.

The first half of the year saw broad weakness across asset classes. Markets faced numerous headwinds, including surging inflation, rising rates (after more than a decade of easy money), war between Russia and Ukraine and slowing growth in China. These factors combined to increase the risk of a global recession.

The MSCI World Index declined -16.2% for the quarter (dragging 12-month returns down to -14.3%). The MSCI Emerging Markets (EM) Net Index declined -11.4%, resulting in a year-to-date decline of -25.3%. Having started the year with very low exposure to global equities on valuation concerns, we have since been adding steadily to the Fund's holdings in response to these price moves. China fell -13.5% as an extended lockdown in Shanghai undermined the country's economic growth. China stuck doggedly to its zero-Covid policy despite the near-term economic cost. Ineffective vaccines, low vaccination levels in the elderly population (relative to developed economies) and very low community transmission mean herd immunity is low. Given these headwinds, it is unclear whether attempts to stimulate growth will succeed. Russia remained a global pariah given ongoing military hostility in Ukraine. Western allies are broadly united in their opposition to Russian aggression. Energy commodities remain elevated due to trapped Russian supply and limited investment into new sources of production for several years given decarbonisation commitments. For the year to date (YTD), the prices of oil (+47.6% YTD), gas (+45.4% YTD) and coal (+127.6% YTD) have all risen meaningfully.

Inflation continued to surprise to the upside as surging energy prices have exacerbated already high inflation. US inflation hit 8.6% during the quarter. Central banks have responded to inflation with widespread rate hikes. Whether inflation can be contained will depend on the willingness of central banks to hike rates sufficiently to properly dampen demand and slow growth. The Bloomberg Barclays Global Aggregate Bond Index declined -8.3% in US dollars. Despite the significant sell-off in global bonds, we feel yields remain insufficient to compensate for the associated risks. These risks include high inflation and slowing global growth, but also highly indebted sovereign balance sheets. The Fund continues to have no exposure to global sovereign bonds.

South Africa's (SA) economy has benefited from a strong commodity cycle over the last few years. This has supported better than expected growth and helped to stabilise the debt burden. The Fund has retained its meaningful exposure to local bonds where we believe their attractive yields (in both nominal and real terms) embed a significant risk premium. The JSE All Bond Index delivered a return of -3.7% for the quarter.

While the commodity cycle has supported the economy in the last few years, we remain concerned about SA's ability to deliver sufficient economic growth in the long term. A decade of mismanagement has undermined infrastructure, with power and rail capacity in particular constraining the economy. Load shedding has run at record highs YTD as Eskom struggles to generate sufficient power to keep the lights on. At these levels, economic growth will be constrained. Other frustrations include poor educational outcomes (which are failing to produce the skills needed to support a productive labour force) and ineffective policy. A year of campaigning ahead of the ANC's December elective conference will limit any appetite for reform.

The FTSE/JSE Capped SWIX Index declined during the quarter (-10.6%), giving up first-quarter gains to deliver -4.6% YTD. SA remains one of the better performing markets in 2022, with USD returns (-10.2% for the FTSE/JSE All Share Index) ahead of the MSCI World Index (-20.5%) YTD. Given low starting valuations, we now see SA equities as extremely cheap, with broad value across the resource, domestic and global stocks listed on the JSE. For the quarter, resources returned -20.7%, financials -15.8% and industrials -3.0%.

Major industrial constituents Naspers (+ 42.3%) and Prosus (+32.6%) were up strongly. The market responded positively to the Naspers/Prosus announcement regarding their intention to commence an open-ended buyback programme of Naspers and Prosus shares funded by selling down the stake in Tencent. Coronation had previously urged the board and management to consider these actions given the very beneficial impact on net asset value per share. The meaningful discount at which NPN and PRX trade to their underlying Tencent investment means that at a per share level, exposure to Tencent is in fact increased through this buyback. Since the announcement, the discount has narrowed considerably in recognition of both the value that this transaction would create and the positive message it sends about management's commitment to narrowing the discount as well as their intention to optimise capital allocation. The portfolio continues to hold a number of global businesses listed in SA that we believe offer considerable value. Examples include British American Tobacco, Bidcorp, Quilter and Richemont. The Richemont position has been built over the last few quarters as luxury companies have derated. We believe the prospects for this high-quality business remain strong. Richemont has a portfolio of desirable luxury brands across the jewellery and watch sector, with branded jewellery expected to continue growing strongly as it takes market share.

Domestic stocks continue to offer attractive stock picking opportunities with their low starting expectations and undemanding valuations (with many trading on high dividend yields too). During the quarter, Remgro made an offer for MediClinic. The JSE has seen several buyouts by international bidders in the last few years, underlining the value on offer.

Our emphasis within the portfolio has been on finding businesses that can prosper even in a low growth economy. Examples of these include RMI and Transaction Capital (TCP). RMI's core holding is OUTsurance, which offers strong growth prospects, particularly in Australia, and can pay out the bulk of its earnings while growing. With regards to TCP, we expect the WeBuyCars business to continue to gain market share given its convenient and trusted consumer offer. Management is working hard to build a new technology-led platform in the TCRS business to service global clients.

The financials index returned -15.8% for the quarter. YTD trading by the banks (+7%) has shown an ongoing recovery with advances growth across the corporate and retail sectors and low to mid-cycle credit losses thus far. The rate hiking cycle will deliver endowment benefit for the banks. Strong corporate and household balance sheets are expected to withstand the level of rate hikes forecast without any blow out in credit losses. The Fund has moderate exposure to the banks via FirstRand, Standard Bank and Nedbank. Insurers (-23.1% for the quarter and -10.3% YTD) have seen more challenging trading as the businesses face low growth and competitive pricing in risk at the same time as Covid-related mortalities have inflated claims.

The resource sector declined -20.7% as metal prices broadly retreated off their March highs. European countries have committed to reducing their reliance on Russian energy supply. This is supportive of longer-term goals to decarbonise, but the transition period will be challenging requiring increased supply of oil, gas and coal from other parts of the world. Fossil fuels have already faced several years of low investment given decarbonisation goals. Attracting capital to fund new production is difficult unless there is a willingness to commit to longer offtake periods. Near-term decarbonisation targets are already wavering in Europe. Constrained supply and growing demand are expected to keep energy markets tight.

While resource holdings were reduced during recent strength, the portfolio continues to hold positions in diversified miners such as Glencore and Anglo American. Both offer attractive free cash flow streams even at more normal commodity prices. Energy producers such as Exxaro and Sasol also offer attractive free cash flows given the tightness in near-term markets and are expected to return a significant portion of their market capitalisation in the form of dividends in the coming years.

The Fund remains underweight the platinum group metals miners. While near-term cash flows are expected to be strong, longer-term demand is expected to be undermined by a shift to electric vehicles. Governments (particularly European) are expected to accelerate the adoption of battery electric vehicles given recent events as they strive to increase energy independence and reduce reliance on Russian oil and palladium.

The portfolio has moderate property exposure, preferring to use its risk budget in equities and bonds. While the sector performed strongly during 2021, it is still negative (-9.2% p.a.) over three years. Holdings are predominantly in the A shares, with some exposure to logistics assets. The medium-term outlook remains subdued as a weak economy and a structural shift in demand from increasing digital engagement and work-from-home trends undermine rental tension.

As always, our commitment to long-term investing and disciplined valuation-based approach remains the bedrock of our investment process. While headwinds exist in both global markets and the domestic economy, we believe growth assets are well priced for the risks and offer attractive returns off these low starting prices.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 30 June 2022

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) (FSP 548) Ltd, 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. Class A NAV prices were used for the period prior to the launch of Class P. 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). This benchmark replaced the previous composite benchmark on 1 April 2022.

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. 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 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 current financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last 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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