**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 (excluding Africa) is limited to 30% each.

The fund is mandated to use derivative instruments for efficient portfolio management purposes.

**IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS**

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.

**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

ADRIAN ZETLER
BCom (Hons), CA (SA), CFA

**GENERAL FUND INFORMATION**

<table>
<thead>
<tr>
<th>Fund Launch Date</th>
<th>15 April 1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Class</td>
<td>P (previously class B4)</td>
</tr>
<tr>
<td>Class Launch Date</td>
<td>2 April 2012</td>
</tr>
<tr>
<td>Benchmark</td>
<td>Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international</td>
</tr>
<tr>
<td>Fund Category</td>
<td>South African – Multi-asset – High Equity</td>
</tr>
<tr>
<td>Regulation 28</td>
<td>Complies</td>
</tr>
<tr>
<td>Income Distribution</td>
<td>Semi-annually (March &amp; September)</td>
</tr>
<tr>
<td>Bloomberg Code</td>
<td>CBALDB4</td>
</tr>
<tr>
<td>ISIN Code</td>
<td>ZAE000165205</td>
</tr>
<tr>
<td>JSE Code</td>
<td>CBFB4</td>
</tr>
</tbody>
</table>

The recommended investment term is five years and longer.
CORONATION BALANCED PLUS FUND

CLASS P as at 29 February 2020

Fund category: South African - Multi Asset - High Equity
Launch date: 02 April 2012
Fund size: R81.98 billion
NAV: 10159.35 cents
Benchmark/Performance: Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Fee Hurdle: Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
Portfolio manager/s:

Total Expense Ratio: 1.18% 1.16%
Fund management fee: 0.85% 0.84%
Fund expenses: 0.20% 0.19%
VAT: 0.13% 0.12%
Transaction costs (inc. VAT): 0.13% 0.14%
Total Investment Charge: 1.31% 1.30%

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)

PERFORMANCE AND RISK STATISTICS

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

Since Launch (unannualised) 2125.7% 1595.5% 1388.0%
Since Launch (annualised) 13.9% 12.6% 12.0%
Latest 20 years (annualised) 13.1% 12.9% 12.2%
Latest 15 years (annualised) 12.3% 12.0% 10.3%
Latest 10 years (annualised) 10.1% 10.7% 8.4%
Latest 5 years (annualised) 3.7% 5.4% 3.3%
Latest 3 years (annualised) 4.0% 6.2% 3.5%
Latest 1 year 1.3% 1.6% 0.9%
Year to date (4.8%) (4.6%) (3.9%)

RISK STATISTICS SINCE LAUNCH

Annualised Deviation 13.0% 12.0%
Sharpe Ratio 0.33 0.25
Maximum Gain 57.9% 29.3%
Maximum Drawdown (34.3%) (31.9%)
Positive Months 66.6% 64.7%

Highest annual return 49.3% Aug 2004 - Jul 2005
Lowest annual return (17.4%) Sep 1997 - Aug 1998

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

Jan 0.8% (5.6%)
Feb 2.2% 4.1%
Mar 2.1% 2.5%
Apr (4.3%) 1.5%
May (0.2%) (0.6%)
Jun 1.7% 1.7%
Jul 2.4% 0.0%
Aug 0.0% 1.5%
Sep 13.3%
Oct 14.3%
Nov 0.5%
Dec 0.5%
YTD (4.8%)

INCOME DISTRIBUTIONS

Declaration Payment Amount Dividend Interest
30 Sep 2019 01 Oct 2019 184.58 65.21 119.37
29 Mar 2019 01 Apr 2019 171.69 62.17 109.52
28 Sep 2018 01 Oct 2018 189.72 80.64 109.08
29 Mar 2018 03 Apr 2018 138.32 44.95 93.38

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector 29 Feb 2020
Domestic Assets 71.4%
Equities 40.6%
Basic Materials 8.1%
Industrials 0.6%
Consumer Goods 4.9%
Health Care 2.0%
Consumer Services 11.6%
Telecommunications 0.7%
Financials 7.9%
Technology 2.8%
Derivatives 1.9%
Unlisted 0.0%
Real Estate 5.7%
Bonds 19.0%
Commodities 3.2%
Cash 3.0%
Other (Currency Futures) 0.0%
International Assets 28.6%
Equities 22.4%
Real Estate 0.4%
Bonds 0.4%
Commodities 0.1%
Cash 5.3%

TOP 10 HOLDINGS

As at 31 Dec 2019 % of Fund
Naspers Ltd 4.9%
British American Tobacco Plc 4.0%
Egerton Capital Equity Fund 3.7%
Anglo American Plc 2.8%
Contrarius Global Equity Fund 2.6%
Maverick Capital 2.7%
Fortress Income Fund Ltd A 2.5%
Prosus Nv 2.4%
Landsdowne Capital 2.3%
RMB Holdings 2.2%

Please refer to page 4 of the Comprehensive Fact Sheet for important additional information, including change in cost disclosures.
2019 was a positive year, with the fund returning 12.8%, outperforming the benchmark return of 11.9%. For the fourth quarter of 2019 (Q4-19), the fund returned 3.9%, ahead of the benchmark return of 2.8%. The major building blocks of the fund (global and domestic equity as well as domestic bonds) performed strongly; and the fund’s asset weighting was well against its peer group over meaningful time periods.

After a very weak fourth quarter of 2018, global equity markets rose strongly in 2019 in response to looser monetary policy in the US and Europe and trade war fears receding. The MSCI All Country World index returned an incredibly strong 26.6% in US dollars for the year and 9% in Q4-19. Eyes remain on US President Donald Trump as he stands for re-election in 2020 and the reverberating effect his policy will have on Chinese-American tensions. Elections in the United Kingdom saw a stronger-than-anticipated majority for the Conservative Party under Boris Johnson and moved the country closer to a withdrawal from the EU in January 2020. Emerging markets also performed strongly, up 18.4% for the year in US dollars and 11.6% in Q4-19. Notable performances included Russia (+53%), Brazil (+26%) and China (+24%). The fund’s exposure to emerging market equities benefited from strong market performance as well as some excellent stock picking.

The Barclays Global Aggregate Bond Index was up 6.8% in US dollars for the year and 0.5% for Q4-19. We remain cautious on global bonds given the very low yields at which they currently trade, high levels of government indebtedness and the risk of rising inflation. In South Africa, the All Bond Index returned 1.7% for the quarter, bringing annual performance to 10.3%. This compares favourably to other domestic asset classes.

South African investor confidence remains weak, as impatience has set in with the slow pace of much needed reform. State-owned enterprises (SOEs) are fragile, with South African Airways entering business rescue in Q4-19 and Passenger Rail Agency of South Africa placed under administration. The rebuilding of critical institutions is underway, with strengthened teams in place at the South African Revenue Service (SARS) and the National Prosecuting Authority, and, most recently, the appointment of a new CEO at Eskom. The plight of Eskom remains concerning, as years of poor maintenance have resulted in an unstable power utility. Unplanned outages are very disruptive given the lack of spare capacity and pose a major threat to economic growth prospects. The severe load shedding experienced in December is expected to have taken a toll on retailers’ fourth quarter earnings. Growth continued to disappoint, with a contraction in both the first and third quarters of 2019. Low domestic growth and low inflation (3.7% CPI for 2019) should lead to rate cuts. However, the South African Reserve Bank has been reluctant to cut rates, believing that dovish monetary policy will have a limited impact given the high structural impediments to growth. As a result, real yields of South African bonds are at very attractive levels and local bonds therefore have a meaningful role to play in the portfolio. We are more cautious on domestic property, where we expect companies to struggle to show distribution growth over the medium term as rentals that have benefited from high escalations for many years come up for renewal and are reba sed to market.

The JSE All Share Index (ALSI) returned 12% for the year and 4.6% for Q4-19. While this was a better year for South African equities, longer term returns for domestic growth asset classes remain low (ALSI 6% p.a. and JSE Listed Property 1.2% p.a. over a 5-year period). The JSE’s returns were boosted by the local resource sector, which performed strongly, overcoming fluctuating sentiment on global growth to finish the year up 28.5%. Industrials and financials were considerably weaker, delivering 8.9% and 0.6% respectively, with the higher domestic exposure of the financial sector weighing on performance. We continue to see value in South African listed equities.

Within the index, it was pleasing to see names that had detracted from performance in 2018 contribute strongly in 2019. Most notable among these were the platinum group metals (PGMs), with the fund’s holdings in Noront (+186% for the year and 49% for Q4-19) and Impala (+291% for the year and +51% for Q4-19) up particularly strongly. Other notable performers for the year include our global holdings with Quilter (+38%), British American Tobacco (+36%), Naspers (+22%) and ABI (23%) also doing well. The fund’s underweight position in domestic businesses contributed positively, as the challenges of a lacklustre consumer environment and persistent structural cost inflation eroded earnings.

While our equity and balanced portfolios remain significantly exposed to offshore stocks, we have added to selected domestic holdings where we see value. Any near-term recovery in domestic stocks is likely to reflect a shift in sentiment rather than a dramatic improvement in earnings.

On the resources front, our large exposure to the PGM sector contributed meaningfully to fund performance for both the quarter and the full year. Platinum-group companies benefited from rising prices given growing demand (as emissions regulation requires higher vehicle PGM loadings) and a limited supply response. While we have cut our holdings into price strength, we still have meaningful exposure. The years of underinvestment in PGM mines mean supply is unable to respond timely. Significant capex with long lead times is required to change this. Northam’s strength also reflected an easing of investor concerns on the overhang of the BEE deal funding, which becomes less dilutive at a higher share price. Another meaningful contribution came from the fund’s large position in Anglo American, which benefited from its ownership of Amplats (+149%) and Kumba Iron Ore (+65%). Both assets benefited from commodity price strength (PGMS and iron ore) due to tight markets with an inability for supply response in the short term. We anticipate that the PGM deficit will be more enduring.

Within the financial sector, Quilter (+38%) performed strongly in its second year of listing as the market bought into management’s vision of building a focused, integrated UK wealth manager. The reduced uncertainty in the UK political backdrop also helped.

Naspers (+22%) had a busy year with the unbundling of Multichoice; the establishment of Prosus - an Amsterdam-listed entity that houses its international assets; unbundling of a portion of Prosus (26%) to shareholders; and a bid for JustEat, a multinational food delivery player. Unfortunately, the restructuring had little impact on the discount at which Naspers (and now Prosus) trade to their underlying holdings. Given the capital allocation track record of management, we think the market is taking an overly pessimistic view on the discount. Due to the attractiveness of the underlying assets and the holding company discount, Naspers and Prosus constitute a significant holding in the fund.

Their major asset, Tencent, is growing rapidly in online payments and financial services, a market segment many times larger than the gaming market they currently dominate. While strong incumbents and the regulated nature of financial markets do increase the risk profile, financial services has the potential to be a very large and profitable business.

British American Tobacco, a share which detracted from performance in 2018, was up strongly (+36%) during 2019. It continued to deliver on its strategy; growing revenues (despite falling volumes in traditional combustible tobacco), widening margins (helped by cost reduction) and strong cash conversion. This, despite a changing regulatory environment. US regulators are becoming increasingly concerned on youth recruitment and potential harm of alternative tobacco delivery methods like vaping. The magnitude of the threat posed by this category to its traditional business now looks reduced.

Whilst it was pleasing to see market recognition of the value inherent in some of the fund’s larger positions during 2019, we continue to see attractive opportunities for disciplined, long-term investors that should generate inflation-beating returns over time.

Portfolio managers
Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
as at 31 December 2019
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 30% (including a maximum exposure of 5% to Africa, excluding South Africa) 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).

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).

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 September 2019 (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.

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).

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