

## WHAT IS THE FUND'S OBJECTIVE?

The fund seeks to maximise long-term capital appreciation by investing primarily in a broad spectrum of listed equities.

## WHAT DOES THE FUND INVEST IN?

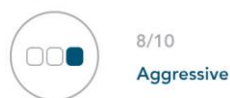
The Equity Fund invests in the shares of companies listed on the Johannesburg Stock Exchange. The fund can also invest 25% in international equities, plus a further 5% in Africa (outside of South Africa).

There are no restrictions on how much exposure the fund can have to different sectors (for example, to mining, financial or industrial companies).

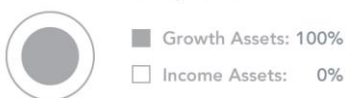
The fund will be fully invested in shares at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

### Risk Profile



### Maximum growth/ minimum income exposures



The fund's managers actively seek out attractively valued shares that could achieve strong investment growth over the long run. Rigorous research is conducted into the long-term potential of a company and whether it is attractively valued relative to other companies, before its shares are selected for the fund.

Shares can be volatile investments and there is a meaningful risk of capital loss over the short term. However, given its focus on attractively valued shares that could offer long-term growth, the Equity Fund may preserve capital better than its benchmark over the long run.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 years or more is therefore ideal. It is not suitable as a single investment for investors who need to preserve their capital over five years or less.

## WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- are comfortable with full exposure to shares listed in South Africa;
- accept that the fund may underperform the market in the short term in pursuit of superior long-term gains.
- do not require an income in the short term.
- The fund is less concentrated than the Coronation Top 20 Fund, making it more suitable for investors holding only one equity fund.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.75% and a maximum of 2.60%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of the benchmark, a fee of 1.10% will be charged. We share in 20% of the performance above the benchmark, up to a total annual fee of 2.60%. Performance is measured over a rolling 24-month period.

When the fund return is below the benchmark over a rolling 60-month period the fee is discounted by 0.35%.

All fees exclude VAT. Other costs that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other fund 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?



**KARL LEINBERGER**

BBusSc, CA (SA), CFA



**SARAH-JANE ALEXANDER**

BBusSc, CFA



**ADRIAN ZETLER**

BCom (Hons), CA (SA), CFA

## GENERAL FUND INFORMATION

<b>Launch Date</b>	15 April 1996
<b>Fund Class</b>	A
<b>Benchmark</b>	Composite: 87.5% SA equity, 12.5% International equity
<b>Fund Category</b>	South African – Equity – General
<b>Regulation 28</b>	Does not comply
<b>Income Distribution</b>	Semi-annually (March & September)
<b>Investment minimum</b>	R5 000 or R500/m debit order
<b>Bloomberg Code</b>	COREQYA
<b>ISIN Code</b>	ZAE000058566
<b>JSE Code</b>	CORA

# CORONATION EQUITY FUND

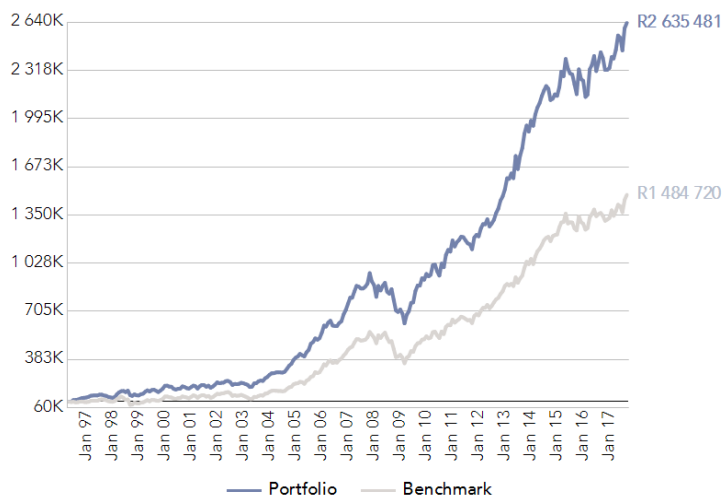
CLASS A as at 31 August 2017

Fund category	South African - Equity - General
Launch date	15 April 1996
Benchmark/Performance Fee Hurdle	Composite (87.5% SA equity, 12.5% International equity)
Portfolio manager/s	Karl Leinberger, Sarah-Jane Alexander & Adrian Zetler

Fund size	R 7.51 billion
NAV	16958.91 cents
Total Expense Ratio	1.15% (including a performance fee of 0.07%)
Transaction Costs	0.18%

## PERFORMANCE AND RISK STATISTICS

### GROWTH OF A R100,000 INVESTMENT



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2017
<b>Domestic Assets</b>	<b>73.6%</b>
Equities	67.8%
Oil & Gas	0.1%
Basic Materials	13.9%
Industrials	1.9%
Consumer Goods	15.1%
Health Care	3.0%
Consumer Services	15.6%
Telecommunications	5.7%
Financials	11.9%
Technology	0.0%
Derivatives	0.5%
Preference Shares & Other Securities	0.6%
Real Estate	5.1%
Cash	1.1%
Other (Currency Futures)	-0.9%
<b>International Assets</b>	<b>26.4%</b>
Equities	25.5%
Real Estate	0.9%
Cash	0.1%

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Active Return
Since Launch (unannualised)	2535.5%	1384.7%	1150.8%
Since Launch (annualised)	16.6%	13.5%	3.1%
Latest 20 years (annualised)	15.7%	13.7%	2.0%
Latest 15 years (annualised)	18.0%	16.8%	1.2%
Latest 10 years (annualised)	11.7%	11.2%	0.6%
Latest 5 years (annualised)	14.1%	13.6%	0.5%
Latest 3 years (annualised)	6.3%	7.2%	(1.0)%
Latest 1 year	8.1%	8.9%	(0.8)%
Year to date	12.9%	11.6%	1.3%

## TOP 10 HOLDINGS

As at 30 Jun 2017	% of Fund
Naspers Ltd	12.2%
British American Tobacco Plc	5.0%
Steinhoff International H NV	4.7%
MTN Group Ltd	4.6%
Sasol Ltd	2.9%
Standard Bank Group Ltd	2.8%
INTU Properties	2.5%
Northam Platinum Ltd	2.4%
Anglo American Plc	2.4%
Blackstone Group	2.4%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.3%	17.7%
Sharpe Ratio	0.44	0.21
Maximum Gain	47.6%	43.5%
Maximum Drawdown	(35.1)%	(41.0)%
Positive Months	62.5%	63.3%

	Fund	Date Range
Highest annual return	62.5%	Aug 2004 - Jul 2005
Lowest annual return	(28.7)%	Mar 2008 - Feb 2009

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2017	03 Apr 2017	104.53	100.02	4.51
30 Sep 2016	03 Oct 2016	131.80	125.06	6.74
31 Mar 2016	01 Apr 2016	92.43	89.40	3.03
30 Sep 2015	01 Oct 2015	132.57	130.51	2.06

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2017	3.2%	(0.4)%	2.4%	4.0%	(0.6)%	(3.4)%	6.1%	1.4%					12.9%
Fund 2016	(4.8)%	0.7%	7.9%	1.2%	2.6%	(4.2)%	2.6%	2.8%	(1.6)%	(3.4)%	0.0%	0.6%	3.8%
Fund 2015	2.7%	4.7%	(1.4)%	5.1%	(2.7)%	(1.4)%	(0.3)%	(2.9)%	(3.0)%	7.7%	(2.8)%	(0.5)%	4.7%

**Please note that the commentary is for the retail class of the fund.**

The fund has delivered a return of 13.7% p.a. over a rolling five-year period (outperforming its benchmark by 0.6% p.a.), 11.1% p.a. over 10 years (outperforming its benchmark by 0.7% p.a.) and 16.3% p.a. since inception (outperforming its benchmark by 3.2% p.a.).

The JSE had another poor quarter, with the JSE All Share Capped index returning a negative 1.0% (1.5% over a rolling 12 months). The local savings industry is not accustomed to so many years of anaemic, low-volatility returns. As a result, we believe that many investors are abandoning equities in favour of the yielding asset classes that have outperformed over this period. We believe this to be an error. We believe that fixed-rate bonds are overvalued, and that equities offer more value than at any other time in the last five years.

The local economy remains mired in recessionary conditions. It is, in fact, deteriorating at an accelerating rate as business and consumer confidence has evaporated in response to a tough economy and very concerning political developments. The defining position in our local equity portfolio remains the high-quality global companies that happen to be listed on the JSE (Naspers, British American Tobacco, UK listed property holdings and Steinhoff). However, we have used the weakness in domestic stocks to start accumulating high-quality stocks that have started to discount the bad news. Examples include Spar and Pick n Pay. These businesses are battling in the tough trading environment. However, both are high-quality businesses that have multi-decade track records of performing well in tough economic times. High-quality businesses always fare better than poor-quality businesses in times of adversity.

The much-feared mining charter was gazetted in the past quarter. This is a draconian piece of regulation (it is technically not legislation because it was not passed by parliament), that would ultimately destroy the mining industry if sanity does not prevail. The local mining industry is on its knees and has shrunk meaningfully over the last decade. The decline over the last decade will be minor compared to the damage this charter would do to the industry, its employees and the surrounding communities. South Africa cannot afford such a damaging outcome. We hold some local mining stocks, although they are largely ones that have excellent empowerment credentials (Northam and Exxaro). No miner will be immune, but these companies will suffer less collateral damage than the rest of the industry.

A high exposure to UK property stocks remains a big differentiator in our fund. They delivered marginally positive returns in the quarter. We consider our three holdings (Intu, Hammerson and Capco) to be exciting opportunities for the patient investor. Our largest holding is Intu, which owns a portfolio of high-quality shopping centres. It currently trades on a 5.5% forward dividend yield and at a 34% discount to net asset value (NAV). The NAV represents the value that independent valuers believe the portfolio is worth in the current depressed retail environment (post a c.6% knock taken for transaction costs). At these yields, we are happy to earn a dividend yield of more than 5% and wait for the uncertainty surrounding Brexit to clear. Although we expect Brexit to be damaging to economic activity, we think that economic considerations will be increasingly prioritised as time passes and reality sinks in for the UK electorate. We therefore do not expect a hard Brexit, one that would permanently and meaningfully destroy the economic prospects of the UK.

The fund retains the maximum exposure to global equities. Although many believe global equities to be overvalued, we continue to find many high-quality stocks at attractive prices. The fund's exposure to emerging market equities has contributed to performance in the recent past. A good example of this is the exposure to two Russian stocks, X5 and Sberbank. These holdings do not reflect a strong macro view on the Russian economy, but rather the very attractive valuations that they trade on.

Markets remain as uncertain and challenging as ever. However, we are comforted by the fact that we find more value today than we have at any time over the last five years. Volatility is not to be feared. It typically presents great opportunity to the patient, long-term investor. We remain alert to opportunity. We also understand the risks that the current environment presents to the real value of our clients' retirement capital. We believe that it is in these difficult times that we can add most value to our clients.

**Portfolio managers**  
**Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler**  
as at 30 June 2017

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

The Equity 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. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Services Board 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](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 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 fund's performance and fee benchmark is a composite of 87.5% FTSE/JSE Capped All Share Index (CAPI) and 12.5% MSCI All Country World Index. The composite replaced the FTSE/JSE SWIX Index from 1 October 2016. The fund benchmark shown in this MDD is therefore a splice of the current and historical benchmarks. Note that we use the formal SA – Equity – General category benchmark as specified in the ASISA Standard on Fund Classification, which is currently the FSTE/JSE All Share Index, for compliance monitoring purposes.

#### 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 for a rolling 36-month period to the last quarter end (December, March, June and September) The TER charged by any underlying fund held as part of a fund's portfolio is included in the TER figure, 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.

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.

#### ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an advisor, advice fees are contracted directly between you and the advisor. We will facilitate the collection of advice fees only upon receiving your instruction, up to a maximum of an initial fee of 3.00% and an ongoing fee of 1.00% per annum (where an initial advice fee of more than 1.50% is selected, the maximum annual advice fee that we will collect is 0.50%). Advice fees are usually collected through the redemption of units. You may cancel the instruction to facilitate the payment of advice fees at any time. Advisors will only share in Coronation fees subject to prior approval by and/or disclosure to the investor. A portion of Coronation's annual management fee may be paid to administration platforms such as Linked Investment Service Providers (LISPs) as a payment for administration and distribution services.

#### 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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