

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term investment growth from investing in a select group of South African listed industrial and consumer companies.

It seeks to outperform an index of industrial companies listed on the Johannesburg Stock Exchange (the JSE Industrial Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in companies listed on the JSE, most excluding those involved in mining and financial services. It can invest in a wide range of industries, including technology, telecommunication, healthcare and consumer goods.

While the fund may not invest in foreign markets, it can have exposure to international companies that are listed in South Africa. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS



The fund's managers actively seek out attractively valued companies that could offer strong long-term growth.

Shares are selected following rigorous and independent 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

- want to diversify their investments to include exposure to a wide range of industrial companies;
- accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- want to hold the Industrial Fund as one of multiple funds in their investment portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.00% (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?



**SARAH-JANE
ALEXANDER**
BBusSc, CFA



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

GENERAL FUND INFORMATION

Launch Date	1 July 1998
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Industrial Index
Fund Category	South African – Equity – Industrial
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCGRO
ISIN Code	ZAE000019741
JSE Code	CNCG

CORONATION INDUSTRIAL FUND

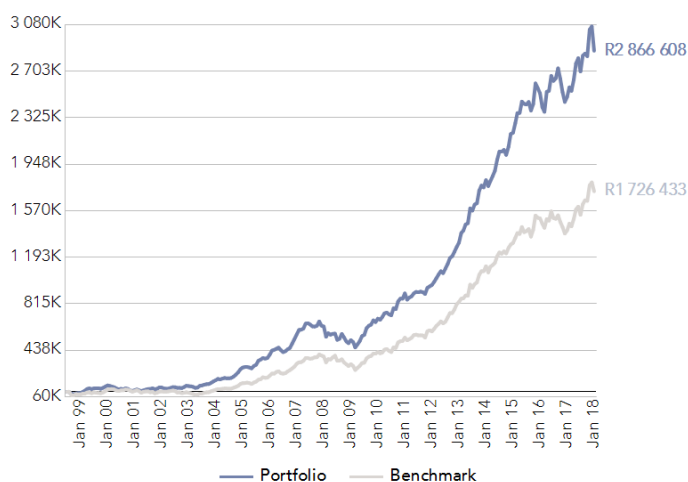
CLASS P as at 31 December 2017

Fund category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R 1.35 billion
NAV	20445.44 cents
Benchmark/Performance	FTSE/JSE Industrial Index
Fee Hurdle	
Portfolio manager/s	Sarah-Jane Alexander and Adrian Zetler

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.16%	1.16%
Fund expenses	1.00%	1.00%
VAT	0.02%	0.02%
Transaction costs (inc. VAT)	0.14%	0.14%
Total Investment Charge	0.21%	0.24%
	1.37%	1.40%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	2766.6%	1626.4%	1140.2%
Since Launch (annualised)	18.8%	15.7%	3.0%
Latest 15 years (annualised)	21.9%	21.5%	0.4%
Latest 10 years (annualised)	16.3%	16.1%	0.2%
Latest 5 years (annualised)	16.9%	15.8%	1.2%
Latest 3 years (annualised)	9.2%	9.7%	(0.5)%
Latest 1 year	15.0%	22.5%	(7.5)%
Year to date	15.0%	22.5%	(7.5)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.3%	17.9%
Sharpe Ratio	0.63	0.37
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	65.8%	65.0%

	Fund	Date Range
Highest annual return	68.0%	Jan 1999 - Dec 1999
Lowest annual return	(26.2)%	Jan 2000 - Dec 2000

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2017	3.2%	(1.2)%	3.6%	5.0%	1.6%	(3.9)%	4.8%	0.6%	(0.8)%	7.6%	0.9%	(6.5)%	15.0%
Fund 2016	(4.5)%	(1.6)%	6.9%	0.3%	4.8%	(1.6)%	0.8%	3.1%	(3.1)%	(4.2)%	(3.1)%	1.6%	(1.2)%
Fund 2015	3.6%	3.6%	0.0%	3.9%	(0.8)%	(0.2)%	0.9%	(2.9)%	2.2%	6.9%	(1.5)%	(1.7)%	14.6%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2017
Domestic Assets	100.0%
Equities	94.8%
Industrials	5.7%
Consumer Goods	23.4%
Health Care	10.7%
Consumer Services	42.0%
Telecommunications	8.6%
Financials	2.7%
Technology	1.6%
Preference Shares & Other Securities	1.4%
Real Estate	1.8%
Cash	2.1%

TOP 10 HOLDINGS

As at 31 Dec 2017	% of Fund
Naspers Ltd	29.6%
British American Tobacco Plc	9.7%
Compagnie Financiere Richemont SA	8.7%
MTN Group Ltd	8.6%
Spar Group Ltd	4.4%
Mediclinic Internat PLC	3.5%
Netcare Ltd	3.4%
Remgro Ltd	3.2%
Aspen Pharmacare Holdings Ltd	3.2%
Pick 'N Pay Stores / Holdings	3.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2017	02 Oct 2017	72.22	69.82	2.40
31 Mar 2017	03 Apr 2017	108.99	107.77	1.22
30 Sep 2016	03 Oct 2016	108.62	107.29	1.33
31 Mar 2016	01 Apr 2016	24.78	24.42	0.36

The fund returned 1.56% for the quarter. Its long-term track record remains compelling, with the fund performing well against both its peer group and the quantitative benchmarks over most meaningful periods. Since inception, the fund has delivered an annualised return of 18.78% relative to its benchmark return of 15.73%. Over 10 and five years the fund has averaged 16.35% and 16.94%, outperforming the benchmark by 0.22% and 1.17% respectively.

The fund's benchmark is concentrated and Naspers's current contribution at 37% creates meaningful single-stock risk. If one excludes the impact of Naspers, index returns for 2017 would be 17% lower than the reported 22.5%. Our absolute position in Naspers remains large, reflecting our continued assessment of the company as an attractive share as it is streamlining its investment portfolio and Tencent is expanding its portfolio of services in large and growing markets. Despite this large holding, the fund is significantly underweight relative to the benchmark. Hence we would expect an appreciation in the Naspers share price to deliver meaningful absolute growth in the fund value, but detract from performance when assessed relative to benchmark.

2017 was a year in which domestic political events had a major impact on the market, with sentiment swinging wildly. Following the firing of finance minister Pravin Gordhan in the first quarter of the year, the rand recovered more than 10% towards the year end as sentiment swung dramatically. The picture was exaggerated for South African-focused domestic businesses, with banks up 28% in the fourth quarter and general retailers adding 23%.

While the market reacted extremely positively to Cyril Ramaphosa's appointment as president of the ANC at the December elective conference, the party remains ideologically split. The internal party conflict is likely to frustrate efforts to reform policy and strengthen fiscal discipline, and we expect slow economic growth to prevail. The fund continues to hold large positions in many of the rand hedge names that offer better valuation, including Naspers, Mediclinic, MTN and British American Tobacco. As an example, British American Tobacco trades on a 15.4x one-year forward PE, which is in line with domestic South African-focused shares despite the company's stable earnings generation, diversified international footprint, growing earnings from next generation tobacco products and margin uplift subsequent to the Reynolds take out.

The fund experienced a challenging fourth quarter as performance was hurt by Steinhoff and the rally in domestic shares. Steinhoff is the largest detractor from performance as the share price collapsed on the announcement that the company would delay the release of its 2017 audited financial results, launch an investigation into accounting irregularities and that the CEO had resigned. The fund held Steinhoff for the expanding, cash generative value retailer Pepkor as well as the opportunity to consolidate a rapidly growing but fragmented European furniture market through its vertically integrated value furniture retailer. Despite concerns about its acquisitive nature and aggressive tax structuring, Steinhoff's valuation looked compelling on a single-digit PE multiple. We did extensive reference checks including meeting many of the high calibre board members and well respected regional managers. To date, limited information has been released to further our understanding of where the investment case went wrong. We continue to monitor events closely and will take action as considered appropriate. Other detractors include the historical positions in Grindrod and Grand Parade. Despite representing small sizes in the fund, their stark underperformance had a negative impact on performance.

Mondi, Pick n Pay, Pioneer Food Group and MTN remain major contributors to performance over three and five years. MTN's contribution comes from the underweight position in the earlier years. Cartrack has also contributed significantly over three and five years despite its relatively small size. Cartrack's focus on innovation and process improvement, supported by high levels of service, has sustained meaningful subscriber growth across an expanding international footprint.

A weaker rand, earnings misses and resultant underperformance by domestic stocks provided opportunities to build positions in high-quality businesses during the year. Amongst others, we bought Spar, Curro, Netcare and Pick n Pay. These positions all contributed to performance during the fourth quarter domestic rally, but we believe valuation remains attractive.

Market movements during the quarter meant that we made small changes to the fund where relative valuations became more attractive, but the overall portfolio remains largely unchanged, which is consistent with our commitment to invest where we see long-term opportunity.

Portfolio managers

Sarah-Jane Alexander and Adrian Zetler
as at 31 December 2017

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

The Industrial 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; 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. 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. 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 2017 (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 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

IMPORTANT INFORMATION REGARDING TERMS OF USE

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