

CORONATION MARKET PLUS FUND

Fund Information as at 31 December 2017

WHAT IS THE FUND'S OBJECTIVE?

Market Plus aims to maximise long-term investment growth, at lower levels of risk than a fund that is only invested in shares.

WHAT DOES THE FUND INVEST IN?

Market Plus can invest in a wide range of assets such as shares, bonds, listed property and cash, both in South Africa and internationally.

It will typically have a strong bias towards shares, which offer the highest expected long-term returns. But unlike an equity fund, it does not have to remain fully invested in shares when we believe the stock market is too expensive.

Foreign investments (excluding Africa) may represent up to 35% of its assets. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS



Market Plus represents Coronation's view on the best combination of different assets that could maximise long-term returns at a reasonable level of risk.

The fund is primarily invested in shares, and will actively seek out only those investments we believe are attractively valued and may offer superior long-term growth.

Market Plus will typically have more exposure to shares than a traditional balanced fund. Shares can be volatile investments and there is a risk of capital loss, especially over the short term. However, the fund is managed with a strong emphasis on instrument valuation and it is therefore unlikely to lose money over the longer term. It may still produce negative returns in extreme years, but at a lower level than a pure equity fund.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term for this fund is five years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Long-term investors who are building wealth and

- can stay invested for at least five years (preferably longer);
- seek to preserve the purchasing power of their savings over the long term by investing in a diversified portfolio;
- are not dependent on an income from their investment;
- who do not need to accept the investment constraints applicable to retirement savers.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.75% and a maximum of 2.40% is payable, depending on the fund's performance.

If the fund's return (after fees and costs) is equal to that of its benchmark plus 2%, an annual fee of 1.25% will be charged. We share in 20% of performance above the benchmark plus 2%, up to a maximum annual total fee of 2.40%. Performance is measured over a rolling 24-month period.

When the fund underperforms the benchmark over any 60-month period, the fee is reduced by 0.50%.

TFI Class A - An annual fee of 1.60% is payable. This class is only available for Tax Free Investments.

All fees exclude VAT. 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.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?



NEVILLE CHESTER
BCom, CA (SA), CFA



PALLAVI AMBEKAR
CA (SA), CFA



NICHOLAS STEIN
CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	2 July 2001
Fund Class	A
Benchmark	Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international
Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORMKPL
ISIN Code	ZAE000031506
JSE Code	CMFP

CORONATION MARKET PLUS FUND

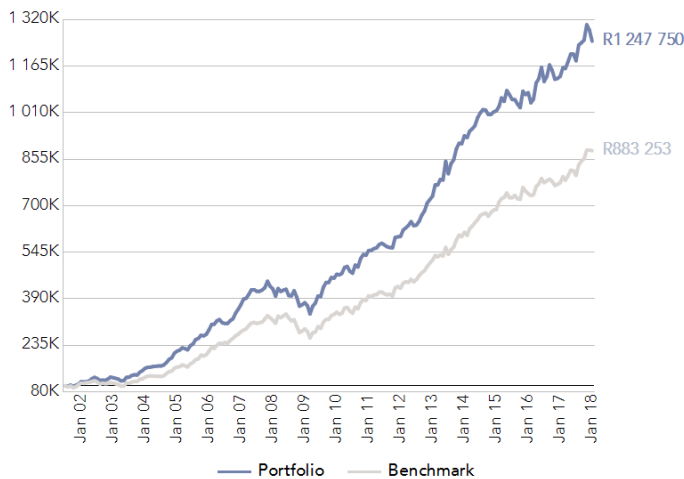
CLASS A as at 31 December 2017

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 5.01 billion
NAV	8240.03 cents
Benchmark/Performance	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Fee Hurdle	
Portfolio manager/s	Neville Chester, Pallavi Ambekar and Nicholas Stein

	CLASS A		CLASS TFI A	
	1 Year	3 Year	1 Year	3 Year
Total Expense Ratio	1.65%	1.67%	1.84%	1.84%
Fund Management Fee	1.24%	1.24%	1.42%	1.42%
Fund expenses	0.23%	0.25%	0.23%	0.23%
VAT	0.17%	0.17%	0.20%	0.14%
Transaction costs (inc. VAT)	0.14%	0.13%	0.14%	0.14%
Total Investment Charge	1.79%	1.80%	1.98%	1.98%

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)	1147.8%	783.3%	364.5%
Since Launch (annualised)	16.5%	14.1%	2.4%
Latest 15 years (annualised)	16.5%	15.0%	1.5%
Latest 10 years (annualised)	11.4%	10.7%	0.7%
Latest 5 years (annualised)	11.3%	11.2%	0.0%
Latest 3 years (annualised)	7.1%	8.7%	(1.6)%
Latest 1 year	10.4%	13.8%	(3.4)%
Year to date	10.4%	13.8%	(3.4)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	10.6%	10.1%
Sharpe Ratio	0.79	0.59
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	67.2%	67.7%

	Fund	Date Range
Highest annual return	50.0%	Aug 2004 - Jul 2005
Lowest annual return	(20.1)%	Mar 2008 - Feb 2009

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2017	2.5%	(0.2)%	2.0%	2.1%	0.0%	(1.8)%	4.5%	0.6%	0.7%	4.1%	(1.3)%	(2.9)%	10.4%
Fund 2016	(3.1)%	1.1%	5.2%	1.3%	3.4%	(4.1)%	1.5%	3.4%	(1.6)%	(2.6)%	0.2%	0.6%	5.0%
Fund 2015	1.4%	2.8%	(1.1)%	3.5%	(1.3)%	(1.5)%	0.0%	(1.4)%	(1.1)%	5.4%	(1.0)%	0.6%	6.0%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2017
Domestic Assets	68.7%
Equities	43.3%
Basic Materials	9.2%
Industrials	1.5%
Consumer Goods	5.9%
Health Care	1.9%
Consumer Services	7.9%
Telecommunications	3.8%
Financials	8.4%
Derivatives	4.6%
Preference Shares & Other Securities	2.6%
Real Estate	13.6%
Bonds	7.9%
Commodities	0.9%
Cash	(4.1)%
Other (Currency Futures)	4.5%
International Assets	31.3%
Equities	21.9%
Real Estate	0.6%
Bonds	8.1%
Cash	0.8%

TOP 10 HOLDINGS

As at 31 Dec 2017	% of Fund
Coronation Global Opportunities Equity Fund	15.4%
Coronation Global Emerging Markets Fund	6.6%
Naspers Ltd	5.4%
INTU Properties	4.0%
MTN Group Ltd	3.7%
British American Tobacco Plc	3.6%
Standard Bank Group Ltd	2.3%
Anglo American Plc	2.2%
Old Mutual Life Assurance SA	2.2%
Rebosis Property Fund Ltd	2.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2017	02 Oct 2017	128.57	46.49	82.08
31 Mar 2017	03 Apr 2017	106.51	29.12	77.39
30 Sep 2016	03 Oct 2016	118.47	41.35	77.12
31 Mar 2016	01 Apr 2016	74.27	18.84	55.43

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

The fund finished the year with a weak quarter, resulting in the calendar year return reducing to 10.4%, underperforming the benchmark return of 13.8%. All of this underperformance came through in this last quarter and was predominantly driven by the strength of the rand given our overweight position offshore and our exposure to rand hedge stocks within our domestic equity and property allocation.

2017 proved to be a strong market for most asset classes. Equities in particular had a solid year with emerging markets the pick of the bunch. The fund started the year with an overweight position in equities and has slowly reduced this into these exceptionally strong markets. Within our offshore allocation we were also overweight global and emerging market equities, which contributed positively to our international allocation returns. Given the strong run in global markets and continued political uncertainty, we have deemed it prudent to trim back these holdings and, where possible, use some derivatives to lock in returns. As the economic outlook for most markets remains good, with Europe, Asia and the US still showing very positive underlying growth metrics, we do not believe we should be underweight equities, but given high levels of valuation it is no longer prudent to maintain a big overweight position.

Within the domestic portion of our equity allocation, while we had increased some of our exposure to local financial and industrial stocks, the majority of our exposure remained to companies with significant operations offshore. The main driver behind this remains the outlook for tepid growth locally and the expensive ratings of many domestic stocks. The strong rally in domestic stocks after the outcome of the ANC elective conference was not unexpected, but we remain firm in the belief that it is unwarranted given the massive challenges the locally economy faces. The fiscal position is dire and the low productivity of the workforce is unlikely to change given the poor educational outcomes. We have taken advantage of the recent run in domestic stocks to further lighten our exposure to these equities at what we think are exceptionally good levels. In addition to this, the fund was impacted negatively by a position in Steinhoff. The fund held a 2% position in the stock and the precipitous fall in December upon the announcement of the CEO's resignation and subsequent revelations that the annual financial statements would require restatement, negatively impacted the equity returns.

Along with SA stocks, domestic bonds have had a very strong rally at the end of the year. Given our very low exposure to government bonds this was also a detractor from our performance in the last quarter. The rally has also presented an opportunity for us to further reduce our exposure as the domestic bond market faces a number of challenges in the year ahead. SA's dire fiscal position will require much greater funding, especially as the parlous state of the finances of the state-owned enterprises becomes more evident. With debt to GDP spiralling ever higher, worsened by the prospect of free tertiary education, we do not believe current bond levels are sufficient to reward investors. As our debt rating by the various agencies moves to junk across all ratings agencies, we do not see the potential pool of investors getting any bigger. Instead, it will shrink. Importantly, this is happening in an environment where we see government bond yields in developed countries starting to rise, which will put further pressure on domestic bond yields.

Offsetting our low domestic bond position has been our high weighting in domestic property. While this did perform better in the last quarter, it has not yet responded to the election of Cyril Ramaphosa as ANC president to the same extent as the bond market. Yields on domestic property stocks remain very attractive, with many in double digit yields, with the prospect of further earnings growth. We remain overweight this particular asset class with expectations of decent returns before any capital growth. In addition to domestic names, the fund has held a big position, in excess of 3%, in Intu, a UK-listed owner of retail malls. In December, it was announced that another large UK property stock, Hammerson, would be making a takeover proposal at a significant premium. This saw the stock gain 18% for the month of December, despite the recent rand strength.

Within the offshore component outside of equities, we are also very underweight bonds with the exception of a few high-yield opportunities where we believe the credit spreads will more than compensate for adverse yield. We have increased exposure to property, adding to European retail landlords and, more recently, to a number of large US retail property owners where yields are looking very attractive and the underlying properties are high quality and defensive.

While the fund return was behind the benchmark during this period, we still delivered a pleasing double-digit return well ahead of inflation. Given the current structure and holdings of the fund, we believe we are well positioned to continue to deliver inflation-beating returns in the future and a performance ahead of benchmark, in line with our long-term track record.

Portfolio managers
Neville Chester and Pallavi Ambekar
 as at 31 December 2017

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

The Market 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 35% (excluding 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 is 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 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 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. 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 TFI Class TER and Transaction Costs cannot be determined accurately because of the short life span of the class. Calculations are based on actual data where possible and best estimates where actual data is not available.

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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