

## WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in a select group of resource companies. It seeks to outperform an index of resource companies listed on the Johannesburg Stock Exchange (the JSE Resources Index) over the longer term.

## WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in a broad range of resource and basic materials industry shares that are affected by changes in the commodity cycle. This includes companies involved in mining, minerals, energy, natural resources and other commodities. 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. The fund reflects Coronation's best investment views in the resource sector.

Shares are selected following rigorous research into the long-term potential of a company. Shares can be volatile investments, and the cyclical demand for commodities can add to the risk of capital loss.

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 specific exposure to the resource sector;
- believe that resource shares offer compelling value;
- accept the cyclical nature of commodity demand and the resulting increased risk of short-term losses;
- want to hold the Resources 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](http://www.coronation.com).

## WHO IS THE FUND MANAGER?



**NICHOLAS STEIN**

CA (SA), CFA

## GENERAL FUND INFORMATION

<b>Launch Date</b>	1 October 1999
<b>Fund Class</b>	P (previously class A)
<b>Benchmark</b>	FTSE/JSE Resources Index
<b>Fund Category</b>	South African – Equity – Resources
<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>	CORVALU
<b>ISIN Code</b>	ZAE000022877
<b>JSE Code</b>	CCGF

# CORONATION RESOURCES FUND

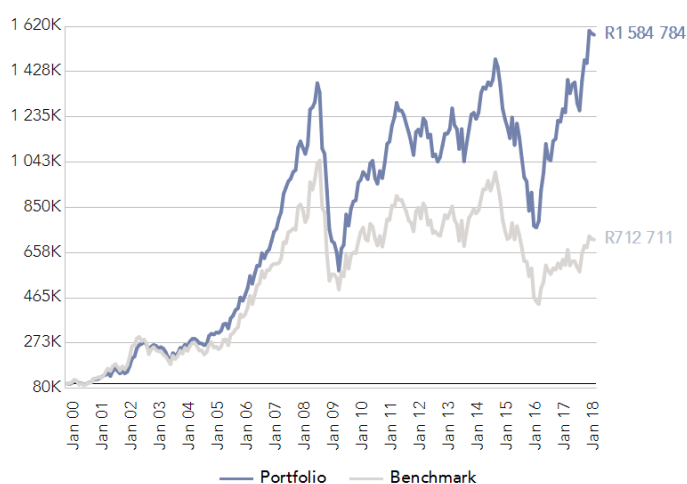
CLASS P as at 31 December 2017

Fund category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R545.14 million
NAV	11025.74 cents
Benchmark/Performance	FTSE/JSE Africa Resources Index (TR)†
Fee Hurdle	
Portfolio manager/s	Nicholas Stein

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.27%	1.32%
Fund expenses	1.00%	1.00%
VAT	0.13%	0.19%
Transaction costs (inc. VAT)†	0.14%	0.14%
Total Investment Charge	0.49%	0.40%
	1.76%	1.72%

## 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)	1484.8%	612.7%	872.1%
Since Launch (annualised)	16.3%	11.4%	5.0%
Latest 15 years (annualised)	12.9%	7.6%	5.4%
Latest 10 years (annualised)	3.9%	(1.0)%	4.9%
Latest 5 years (annualised)	6.0%	(2.9)%	8.9%
Latest 3 years (annualised)	10.0%	(0.1)%	10.1%
Latest 1 year	26.3%	17.9%	8.4%
Year to date	26.3%	17.9%	8.4%

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	22.9%	26.4%
Sharpe Ratio	0.34	0.11
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	58.0%	55.3%

	Fund	Date Range
Highest annual return	100.5%	Apr 2001 - Mar 2002
Lowest annual return	(54.2)%	Mar 2008 - Feb 2009

### MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2017	11.0%	(4.1)%	2.8%	0.6%	(6.4)%	(2.4)%	10.0%	6.4%	(0.9)%	9.4%	(0.7)%	(0.3)%	26.3%
Fund 2016	3.6%	16.5%	8.1%	12.4%	(5.7)%	(0.6)%	7.8%	0.8%	6.8%	(0.4)%	4.5%	(1.1)%	64.1%
Fund 2015	(3.9)%	7.7%	(9.5)%	8.2%	(5.0)%	(7.5)%	(7.8)%	(1.8)%	(13.0)%	9.4%	(15.6)%	(0.9)%	(35.8)%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2017
<b>Domestic Assets</b>	<b>95.7%</b>
Equities	89.2%
Basic Materials	86.9%
Industrials	2.4%
Preference Shares & Other Securities	2.7%
Commodities	1.8%
Cash	1.9%
<b>International Assets</b>	<b>4.3%</b>
Equities	2.1%
Commodities	2.2%
Cash	0.0%

### TOP 10 HOLDINGS

As at 31 Dec 2017	% of Fund
Anglo American Plc	17.3%
Sasol Ltd	14.0%
Mondi Limited	11.5%
Exxaro Resources Ltd	7.2%
Northam Platinum Ltd	6.2%
BHP Billiton Plc	5.7%
Omnia Holdings Ltd	4.6%
Impala Platinum Holdings Ltd	4.2%
Pan African Resources Plc	3.9%
Merafe Resources Ltd	3.5%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2017	02 Oct 2017	130.27	130.19	0.08
31 Mar 2017	03 Apr 2017	45.99	42.47	3.52
30 Sep 2016	03 Oct 2016	40.50	36.40	4.10
31 Mar 2016	01 Apr 2016	20.73	19.57	1.16

2017 was a great year for both the resources sector and the fund. The fund returned 26.3% against the benchmark return of 17.9%. Its long-term track record remains compelling, with the fund performing well against both its peer group and the benchmark over most meaningful periods.

Over the year, key contributors to performance were overweight positions in Exxaro and Tencor, as well as an underweight position in AngloGold. Overweight holdings in Impala and Pan African Resources detracted from performance, as did an underweight holding in Kumba Iron Ore.

Over the final quarter, we added to our holdings in Mondi, Sasol, Omnia and Anglo American. We reduced our exposure to Exxaro, Sappi and Glencore on the back of good relative performance.

Omnia is now a top 10 holding in the fund. Each of Omnia's three divisions are well poised to grow earnings off the current base. The fertiliser division is expected to see increased planting by farmers and is enjoying a favourable urea/ammonia ratio, aiding margins. Mining volumes are picking up as miners increase mining activity on the back of higher commodity prices. The chemicals division should benefit from the recent Umongo acquisition, which is growing strongly and offers opportunities for synergies as the business is integrated into the existing chemicals business. We see good upside for Omnia from current levels.

2017 was another good year for the mining industry. Commodity prices continued their upward march off the 2015 lows. This was aided by production restraint as miners focused on balance sheet repair rather than production growth. China's clampdown on their own domestic production to address pollution in a number of industries increased demand for commodities from other countries. High prices, limited capital expenditure, benign mining inflation and low freight rates have led to the mining companies generating above normal free cash flow. Miners used this free cash flow to reinstate dividend payments, as well as some M&A activity. While we do expect this to normalise, the fact that many of the diversified miners trade on single-digit price to free cash flow multiples suggests the market is pricing this in and that value does remain.

The 2018 growth outlook looks reasonable. China's growth rate is expected to slow as the Chinese government focuses on the quality of growth over GDP targets (continued pollution focus, eliminating inefficient capacity, and greater growth in consumption spending). Excluding China, growth rates remain buoyant in the rest of the world. That said, most commodity prices remain elevated and lack cost curve support. As such, they are liable to a correction. When or how this happens is anyone's guess.

We still think the resources sector remains attractive, with reasonable upside in most of the stocks within the portfolio.

**Portfolio managers**  
**Nicholas Stein**  
as at 31 December 2017

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

The Resources 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. The fund is mandated to invest up to 25% (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](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 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 a 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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