

## 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](http://www.coronation.com).

## WHO ARE THE FUND MANAGERS?



**SARAH-JANE  
ALEXANDER**  
BBusSc, CFA



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

## GENERAL FUND INFORMATION

<b>Launch Date</b>	1 July 1998
<b>Fund Class</b>	P (previously class A)
<b>Benchmark</b>	FTSE/JSE Industrial Index
<b>Fund Category</b>	South African – Equity – Industrial
<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>	CORCGRO
<b>ISIN Code</b>	ZA000019741
<b>JSE Code</b>	CNCG

# CORONATION INDUSTRIAL FUND

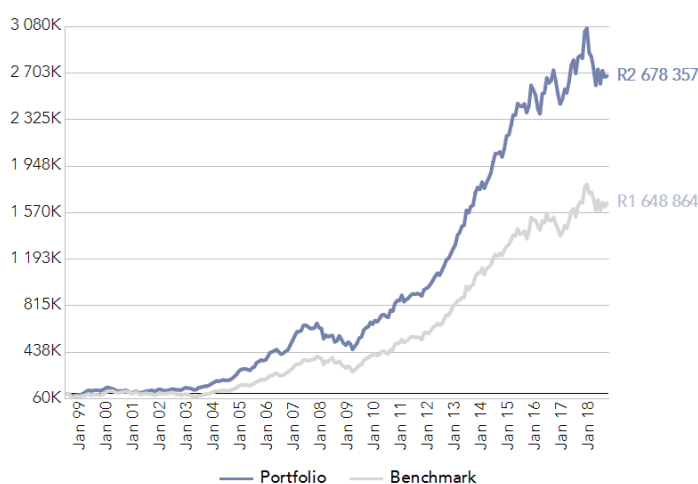
CLASS P as at 31 August 2018

Fund category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R 1.16 billion
NAV	19013.56 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%	0.20%
	1.37%	1.36%

## 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)	2578.4%	1548.9%	1029.5%
Since Launch (annualised)	17.7%	14.9%	2.8%
Latest 20 years (annualised)	18.7%	16.9%	1.7%
Latest 15 years (annualised)	20.5%	20.8%	(0.3)%
Latest 10 years (annualised)	16.7%	16.3%	0.4%
Latest 5 years (annualised)	10.4%	10.8%	(0.3)%
Latest 3 years (annualised)	4.0%	6.6%	(2.7)%
Latest 1 year	(5.8)%	(0.4)%	(5.5)%
Year to date	(6.6)%	(4.5)%	(2.1)%

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.3%	17.8%
Sharpe Ratio	0.57	0.33
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	64.9%	64.5%

	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 2018	(1.2)%	(3.2)%	(5.0)%	5.0%	(4.3)%	4.1%	(1.9)%	0.3%					(6.6)%
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)%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2018
<b>Domestic Assets</b>	<b>100.0%</b>
<b>Equities</b>	<b>97.6%</b>
Industrials	4.6%
Consumer Goods	26.7%
Health Care	11.4%
Consumer Services	45.5%
Telecommunications	4.4%
Financials	3.2%
Technology	1.9%
<b>Preference Shares &amp; Other Securities</b>	<b>0.9%</b>
<b>Real Estate</b>	<b>0.9%</b>
<b>Cash</b>	<b>0.5%</b>

### TOP 10 HOLDINGS

As at 30 Jun 2018	% of Fund
Naspers Ltd	33.7%
British American Tobacco Plc	10.9%
Compagnie Financiere Richemont SA	8.0%
MTN Group Ltd	5.3%
Netcare Limited	3.4%
Spar Group Ltd	3.1%
Mediclinic Internat PLC	3.1%
Distell Group Ltd	3.0%
Pick 'N Pay Stores	3.0%
Aspen Pharmacare Holdings Ltd	2.8%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2018	03 Apr 2018	86.67	81.55	5.12
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

The fund returned 4.6% for the quarter. Since inception, it has averaged an annualised return of 18% relative to its benchmark return of 15.1%. Over 10 years the fund has averaged a return of 18%, outperforming its benchmark by 1.3% per annum. It has moderately underperformed its benchmark over the past five-year period.

Stocks exposed to the domestic economy came under pressure as the exuberance which had been priced into some of these shares post the elective conference was not supported by near term results - shaking market confidence in the rally. This was confirmed in the weak first quarter GDP figure down - 0.8% year-on-year despite the weak base. The weak economy, together with rising US interest rates and capital flows out of South Africa, led to a sharp sell-off in the rand with the currency depreciating 14% against the US dollar for the quarter.

Performance attributions over the past three years have been boosted by our holdings in Naspers, Mondi, Spar, Pick 'n Pay and Cartrack while our underweight position in MTN also contributed meaningfully to performance. During the quarter, low weightings in domestic stocks like Vodacom, Mr Price, Truworths, Shoprite and Foschini contributed to outperformance.

The fund continues to hold large positions in several of the offshore stocks where valuation is attractive. The tail end of the post-elective conference domestic rally at the start of the quarter provided an opportunity to add further to these names including Naspers, British American Tobacco and AB Inbev. British American Tobacco is now the second largest position in the fund; a growing, globally diversified stock trading at the very attractive valuation of 12x forward PE. The share has derated in line with global staples but this has been amplified by regulatory fears and worries about future drivers. Premiumisation in emerging markets should support higher prices and earnings growth while investment in new generation products should deliver positive organic growth at a group level even while cigarette volumes decline. AB InBev is led by its impressive and adaptive CEO, Carlos Brito, who has presided over a wave of M&A as AB Inbev rose to become the world's largest brewer. Growth wobbles as AB Inbev swallowed its last big deal, SABMiller, led to a derating in the share as investors worried whether the superior scale economics of the global brewing model had petered out. The AB Inbev model is evolving to adopt leading SAB marketing processes (including the category expansion framework) as it focuses on delivering the next leg of top-line growth organically.

Other portfolio activity during the quarter worth mentioning was the exiting of our Mondi position on the back of share price strength and it reaching our assessment of fair value. We used the proceeds to add to our Naspers position during a pullback in its share price earlier in the quarter. We still think Tencent is a fantastic business that will grow earnings strongly in years to come and with Naspers trading at a record discount to its intrinsic net asset value, we think the stock remains very attractively priced. We are also very encouraged by Naspers' management actions around portfolio optimisation.

Markets have had a tumultuous start to the year as the first quarter domestic rally rapidly reversed in the second quarter with a dramatic currency move to boot. As always, valuation remains our beacon in these turbulent times and we have used the volatile price environment to build positions in attractively priced shares.

#### **Portfolio managers**

**Sarah-Jane Alexander and Adrian Zetler**  
as at 30 June 2018

## 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. Asset allocation and top 10 holdings are reflected on a look-through basis. 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](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 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).

## 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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