CORONATION JIBAR PLUS FUND

Fund Information as at 31 August 2018

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to deliver a higher return than bank deposits and traditional money market funds.

WHAT DOES THE FUND INVEST IN?

The fund will typically only invest in South African money market instruments. These include a wide range of instruments issued by banks, corporations and other institutions. The fund will primarily invest in floating-rate instruments, and has a maximum duration of two years.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

1/10
Conservative

Maximum growth/
minimum income exposures

Growth Assets: 0%
Income Assets: 100%

The fund is designed to protect capital, while providing a steady stream of income over time. This is achieved by holding floating rate notes that provide a higher yield than the prevailing money market rate. Floating rate notes will also protect the investment against interest rate volatility or unexpected interest rate changes.

Our fixed income investment team researches the full spectrum of money market instruments.

The fund's investments are subjected to a strict risk management process. All factors that could affect these investments are carefully monitored, including inflation as well as currency and interest rates.

While the risk of losing money over all investment periods is low, the fact that the fund can take somewhat more risk than a traditional money market fund is reflected in its fluctuating rather than constant daily price.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended term for this investment is one month and longer. Given its lack of exposure to growth assets, the fund is not suited for lengthy investment terms.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Risk averse investors who seek

- protection against possible interest rate volatility;
- an alternative to bank deposits or money market funds that may deliver better returns;
- fast access to their money, and who don't want to commit their cash for a specific period;
- capital protection, but not long-term capital growth.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.45% (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.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

NISHAN MAHARAJ
BSc (Hons), MBA

MAURO LONGANO
BScEng (Hons), CA (SA)

SINOVUYO NDALENI
BBusSc

GENERAL FUND INFORMATION

Launch Date	3 April 2000
Fund Class	A
Benchmark	Alexander Forbes STeFI 3-month Index
Fund Category	South African – Interest Bearing – Short Term
Regulation 28	Does not comply
Income Distribution	Quarterly (March, June, September, December)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORINBR
ISIN Code	ZAE000023867
JSE Code	CIMF

CORONATION JIBAR PLUS FUND

CLASS A as at 31 August 2018

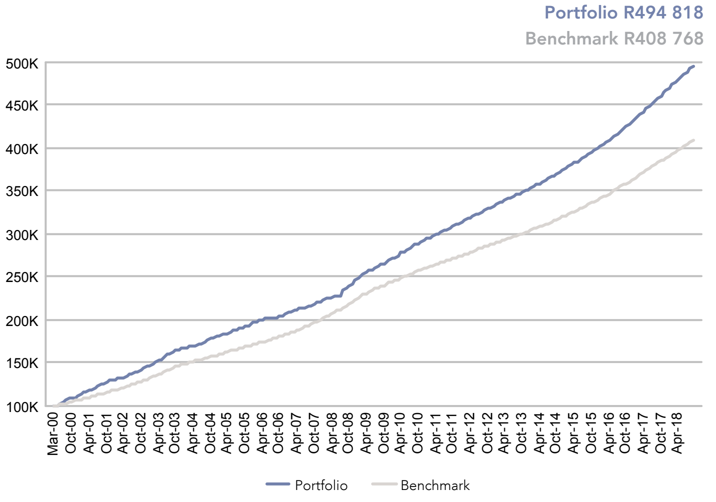
CORONATION
TRUST IS EARNED™

Fund category	South African - Interest Bearing - Short Term
Launch date	03 April 2000
Fund size	R 2.36 billion
NAV	1111.44 cents
Benchmark/Performance Fee Hurdle	Alexander Forbes 3-month (SteFI) Index
Portfolio manager/s	Nishan Maharaj, Mauro Longano and Sinovuyo Ndaleni

	1 Year	3 Year
Total Expense Ratio	0.53%	0.53%
Fund management fee	0.45%	0.45%
Fund expenses	0.02%	0.02%
VAT	0.06%	0.06%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.53%	0.53%

PERFORMANCE AND RISK STATISTICS

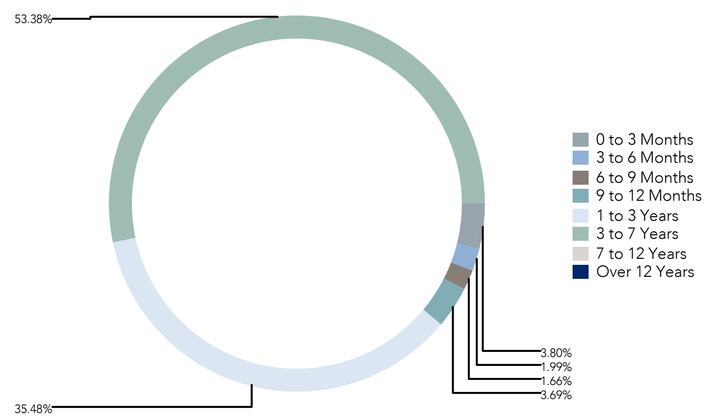
GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

MATURITY PROFILE

As at 31 Aug 2018



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	394.8%	308.8%	86.1%
Since Launch (annualised)	9.1%	7.9%	1.1%
Latest 15 years (annualised)	7.7%	7.2%	0.5%
Latest 10 years (annualised)	7.7%	6.6%	1.1%
Latest 5 years (annualised)	7.4%	6.4%	0.9%
Latest 3 years (annualised)	7.9%	6.9%	1.0%
Latest 1 year	8.1%	6.9%	1.2%
Year to date	5.4%	4.5%	0.8%

	Fund
Yield	8.5%

MATURITY PROFILE DETAIL

As at 31 Aug 2018

0 to 3 Months	3.8%
3 to 6 Months	2.0%
6 to 9 Months	1.7%
9 to 12 Months	3.7%
1 to 3 Years	35.5%
3 to 7 Years	53.4%
7 to 12 Years	0.0%
Over 12 Years	0.0%
Average Duration in days	64

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	1.5%	0.6%
Sharpe Ratio	0.50	N/A
Maximum Gain	124.5%	N/A
Maximum Drawdown	(0.3)%	N/A
Positive Months	98.2%	N/A

	Fund	Date Range
Highest annual return	18.6%	May 2000 - Apr 2001
Lowest annual return	5.8%	Feb 2013 - Jan 2014

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
29 Jun 2018	02 Jul 2018	17.48	17.48
29 Mar 2018	03 Apr 2018	21.38	21.38
29 Dec 2017	02 Jan 2018	21.59	21.59
29 Sep 2017	02 Oct 2017	21.94	21.94

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.72%	0.63%	0.61%	0.67%	0.66%	0.62%	0.69%	0.64%					5.40%
Fund 2017	0.71%	0.59%	0.69%	0.66%	0.74%	0.68%	0.70%	0.71%	0.63%	0.69%	0.64%	0.63%	8.40%
Fund 2016	0.55%	0.62%	0.55%	0.58%	0.67%	0.64%	0.63%	0.69%	0.68%	0.67%	0.67%	0.71%	7.90%

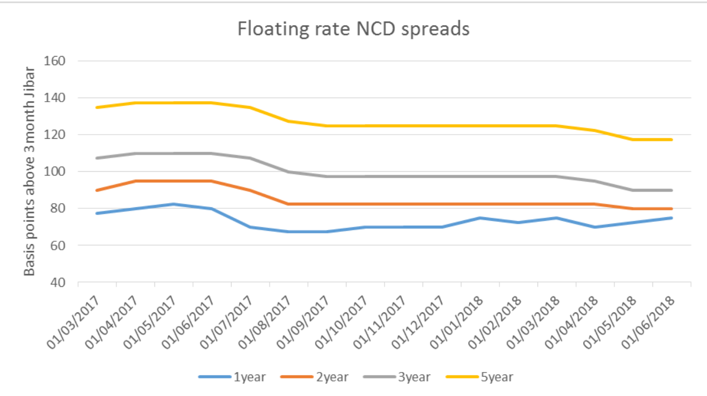
Please note that the commentary is for the retail class of the fund.

The fund delivered strong returns over the last quarter. Over the three-year period, the performance of the fund is ahead of its benchmark, delivering a return of 7.9% versus the STEFI index return of 6.9%.

The South African Reserve Bank (SARB's) Monetary Policy Committee (MPC) kept interest rates unchanged during the quarter, which was largely attributable to the muted inflation profile over the forecast period. Higher oil prices and a weaker exchange rate are still being offset by lower food inflation and the tailwinds of currency appreciation earlier in the year. Our current forecast reflects that CPI will average 4.8% in 2018 and 5.1% in 2019, which suggests that the SARB still has room for easing rates further. What must also be considered is that the growth environment remains weak with first-quarter GDP declining by 2.2% quarter-on-quarter seasonally adjusted and annualised, which was below market expectations. While growth is not a direct part of the SARB mandate, it is a consideration in setting monetary policy. In addition, the deterioration in global risk appetite and its adverse impact on emerging markets is also likely to be a significant hurdle. We continue to expect an interest rate cut at the next MPC meeting in July, but markets remain hawkish with one full interest rate hike being priced over the next 12 months.

The 3-month Jibar index, off which most of the floating rate instruments in the fund are priced, has remained broadly stable over the last quarter at 6.9%. All the floating rate instruments in the fund reset to the prevailing 3-month Jibar rate every three months post their initial investment date. Over the last quarter, most of the floating rate instruments have now reset to this rate, with the fund yield now fully expressing the impact of the interest rate cut earlier in the year. As it is still our view that the repo rate will be cut by a further 25 basis points, one can expect a commensurate impact on the fund yield going forward.

The last quarter has seen spreads on negotiable certificates of deposit (NCDs) decrease marginally. In the absence of significant primary credit issuance and 12-month Treasury bills yielding 7.75%, it still makes sense to place excess liquidity with banks where one can purchase a 1-year NCD at around the 8% level. The contraction in NCD credit spreads continues to be positive for the fund although the benefit is only received when an NCD is sold back to the issuing bank. As such, there is no immediate yield uplift, but the benefit should materialise over time as the fund routinely creates liquidity by trading in these instruments. Going forward, we continue to see the risks to NCD spreads as being broadly balanced, with the fund being well placed to handle adverse market moves.



Source: Bloomberg

The last quarter has seen an increase in South African government bond yields following general risk aversion in emerging markets. What typically transpires from these types of sell-offs is increased buying of bonds by domestic funds, which sell shorter-dated credit holdings to provide the necessary liquidity. Recently, we have seen increased offers in secondary market credit and the fund has taken advantage of these opportunities to increase its holding in credit instruments by 3.13% since the last quarter. As part of this process, we have been purchasing short-dated, fixed rate instruments at yields above 8%, which is attractive relative to the fund benchmark while not breaching its mandated duration restriction. Given the fund's ability to invest in instruments of up to five years in maturity, there have also been opportunities to invest in slightly longer-dated fixed and floating rate instruments at attractive credit spreads and all-in yields. As is the case with all purchases of credit instruments, they need to meet our stringent fair-value criteria and are subject to approval from our credit committee.

Credit issuance in the primary market remains very subdued, which is partly a function of the low growth environment. The recent weakness in GDP growth was to some degree attributable to lower capital expenditure and this remains particularly concerning for credit markets from an overall supply perspective. For the five months ending May 2018, issuance from banks was down 43.8% with corporate issuance being down 9.5%. Issuance from State Owned Enterprises has shown some improvement off a very low base in 2017.

Our current GDP growth expectations are 1.8% in 2018 and 2.2% for 2019. Together with our expectations for one further rate cut, this should be positive for credit issuance heading into the second half of the year. Nonetheless, we remain cautious and continue to only invest in instruments that are attractively priced relative to their underlying risk profile. Capital preservation and liquidity remain our key focus areas.

Portfolio managers
Nishan Maharaj, Mauro Longano and Sinovuyo Ndaleni
as at 30 June 2018

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

Unit trusts should be considered medium- to long-term investments. 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 yield shown is an estimate (gross of fees) in part based on market assumptions and forecasts. The yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, interest rates and changes in costs actually experienced during the investment period. 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; 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 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

IMPORTANT INFORMATION REGARDING TERMS OF USE

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