

CORONATION MARKET PLUS FUND

Fund Information as at 31 December 2018

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, 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.

*As of 01 February 2019, the TFI Class A annual fee will reduce to 1.25%.

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



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	CMPF

CORONATION MARKET PLUS FUND

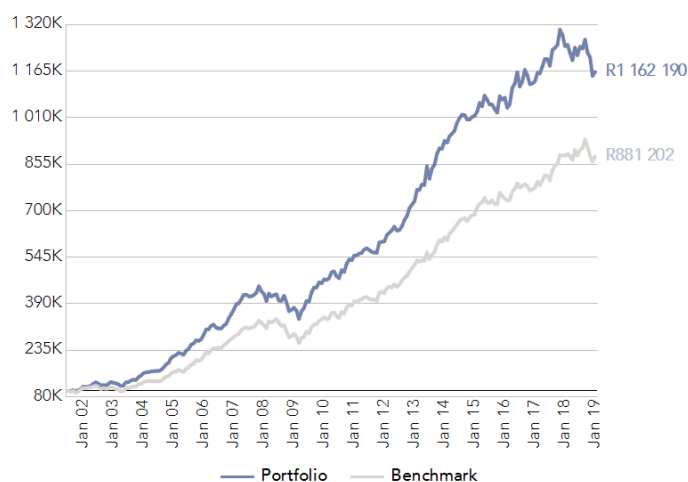
CLASS A as at 31 December 2018

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 4.29 billion
NAV	7383.48 cents
Benchmark/Performance	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Fee Hurdle	
Portfolio manager/s	Neville Chester and Nicholas Stein

	CLASS A		CLASS TFI A	
	1 Year	3 Year	1 Year	3 Year
Total Expense Ratio	1.65%	1.52%	1.84%	1.78%
Fund Management Fee	1.24%	1.16%	1.42%	1.40%
Fund expenses	0.23%	0.20%	0.23%	0.18%
VAT	0.17%	0.16%	0.20%	0.20%
Transaction costs (inc. VAT)	0.14%	0.16%	0.14%	0.15%
Total Investment Charge	1.79%	1.68%	1.98%	1.93%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2018
Domestic Assets	67.1%
Equities	49.7%
Basic Materials	9.6%
Industrials	1.5%
Consumer Goods	5.8%
Health Care	2.2%
Consumer Services	8.8%
Telecommunications	3.1%
Financials	9.7%
Technology	0.5%
Derivatives	8.4%
Preference Shares & Other Securities	2.9%
Real Estate	9.1%
Bonds	8.0%
Cash	(5.7)%
Other (Currency Futures)	3.1%
International Assets	32.9%
Equities	18.7%
Real Estate	1.4%
Bonds	9.7%
Cash	3.0%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1062.2%	781.2%	281.0%
Since Launch (annualised)	15.0%	13.2%	1.8%
Latest 15 years (annualised)	14.2%	13.7%	0.5%
Latest 10 years (annualised)	11.9%	11.8%	0.2%
Latest 5 years (annualised)	4.5%	7.6%	(3.1)%
Latest 3 years (annualised)	2.6%	6.0%	(3.4)%
Latest 1 year	(6.9)%	(0.2)%	(6.6)%
Year to date	(6.9)%	(0.2)%	(6.6)%

TOP 10 HOLDINGS

As at 31 Dec 2018	% of Fund
Naspers Ltd	5.0%
Anglo American Plc	3.8%
British American Tobacco Plc	3.4%
INTU Properties	3.3%
MTN Group Ltd	3.1%
Standard Bank Group Ltd	2.9%
Egerton Capital Equity Fund	2.5%
Contrarius Global Absolute Fund	2.2%
Maverick Capital	1.9%
Lansdowne Capital	1.8%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	10.6%	10.0%
Sharpe Ratio	0.65	0.51
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	65.7%	66.7%

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

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
28 Sep 2018	01 Oct 2018	177.41	84.31	93.10
29 Mar 2018	03 Apr 2018	127.63	38.32	89.31
29 Sep 2017	02 Oct 2017	128.57	46.49	82.08
31 Mar 2017	03 Apr 2017	106.51	29.12	77.39

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.4%	(2.1)%	(2.1)%	3.5%	(2.1)%	2.4%	(0.5)%	2.4%	(3.4)%	(1.3)%	(5.1)%	1.2%	(6.9)%
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%

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

The last quarter of 2018 was a tumultuous one for global markets, with a marked increase in volatility and a number of precipitous falls, which continued until the final day of December. South Africa was no exception to this trend, and, as further pressure mounted on emerging markets, the local markets were also impacted by negative economic indicators, rising political noise as we approach the 2019 elections, and the return of load shedding, together with further evidence of Eskom's financially unsustainable position. The fund delivered a return of -5.3% for the quarter, which unfortunately pushed the full-year return to negative 6.9%.

2018 was one of the worst years for virtually all asset classes. A recent report by Deutsche Bank, which tracks many asset classes, found that 2018 was the worst year on record since 1901, with 63 of the 70 equity and bond markets tracked delivering negative returns for the period. Notably, all 30 of the equity markets surveyed delivered negative returns. What is remarkable is that these negative returns were experienced during a year in which global economic growth was relatively strong. Major economies such as the US and China continued to show healthy growth, and 2018 ended with one of the strongest US labour markets ever seen. While market trends are undoubtedly being skewed by algorithmic trading and increasing investment into 'passive' funds, specific themes are achieving vast media exposure and creating broad uncertainty.

Rising concerns about the trade wars that are being led by President Donald Trump and its effects on both the US and China; the US government shutdown over a deadlock on funding the Mexican border wall; an increasingly disastrous handling of the UK's Brexit plans; and increasing political polarisation in Europe are some of the key headlines worrying investors. Investors appear increasingly nervous to take on any risk in markets where political leaders are behaving in such an unpredictable manner. Companies that fail to deliver, or warn on the future outlook, are immediately punished, with market declines in double digits now the norm.

With the US Federal Reserve still indicating that rates will rise in the US, emerging markets have been under substantial pressure, despite a number of them having favourable economic outlooks. The recent political changes in Brazil potentially bode well for its economy, and the significant decline in the oil price bodes well for all the oil-importing regions of the world - India and Turkey being key markets positively affected by this. The lower oil price will also assist South Africa in providing a boost to consumers who have suffered greatly through 2018's combination of VAT increases, rising oil prices and rising interest rates. More recently, as the increasingly isolated and combative US President frets about the country's falling stock market, he has placed increased pressure on the US Federal Reserve (the Fed) not to hike rates, which has further confused a market that is unused to seeing a sitting president criticise the Fed chairman in such a way.

This volatility and the general market sell-off is undoubtedly providing a fertile environment for future returns but is nevertheless unpleasant to experience. The fund entered 2018 with a relatively low level of exposure to local and global equity markets and we have taken advantage of the sell-off to increase exposure to these risk assets. We have primarily increased local equity exposure, as the South African market is offering levels of upside we have not seen since the financial crisis. Stocks have been priced for a very negative outcome, and, should we see a stable and well-supported election victory for President Cyril Ramaphosa, this will translate into improved consumer confidence and a general pick up in the economy. Overall, equity exposure is now close to 70% in the portfolio. With the recent sell-off in US markets we will also look to add to global equity in the coming months, as we should move through the uncertainty of Brexit and European elections and into a period of relative stability.

As mentioned in previous communications, we have increased our bond weighting by buying domestic bonds. With inflation well controlled and likely to decline further as the rand oil price drops, yields of 9% to 9.5% are very attractive. Globally, bonds remain unattractive given the low levels of real yield available.

Property continues to look attractive to long-term investors on both the domestic and global front. Domestic names have derated to yields of 10% and above, while high-quality US and European retail real estate investment trusts (REITs) have de-rated to high single-digit yields in hard currencies. We have maintained our South African exposure and selectively increased our global property exposure to take advantage of these attractive yields.

This has been a painful year for the fund, with a number of disappointments. What encourages us is the return potential being shown by several markets. We cautioned a few years ago that the easy double-digit returns achieved historically would be difficult to achieve off those high market levels. With markets now significantly off these levels, we believe strong double-digit returns should be achievable in the periods ahead. This will allow us to continue to deliver on our mandate of delivering inflation-beating returns over the medium to long term.

Portfolio managers
Neville Chester and Nicholas Stein
as at 31 December 2018

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 and top 10 holdings are 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 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 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 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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