

# CORONATION MONEY MARKET FUND

Fund Information as at 28 February 2018

## WHAT IS THE FUND'S OBJECTIVE?

The Money Market Fund aims to outperform one to three year fixed deposit and call accounts over time, while taking the lowest level of capital risk consistent with this objective.

## WHAT DOES THE FUND INVEST IN?

The fund will only invest in South African money market instruments with a maturity of less than a year. These include a wide range of instruments issued by banks and other institutions. The fund has a limit of 120 days on the average maturity of its investments. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS



The fund is tactically managed to achieve the best possible return achievable from short maturity money market instruments, while aiming to protect capital at all times.

Our fixed income investment team researches the full spectrum of money market instruments to capture the best possible returns. The fund's investments are subjected to a strict risk management process.

While the low risk of losing money over all investment periods is reflected in the fund's constant daily price, an investment in the fund is not equivalent to a bank deposit account and losses are possible.

The return to the investor is made up of interest received plus or minus any gains or losses made on the underlying instruments held in the fund. In most cases, these gains or losses will merely increase or decrease the daily yield, but in the case of abnormal credit events impacting underlying holdings, the capital value of the portfolio may reduce.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term 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?

Investors who require:

- an alternative to bank deposits;
- a place to 'park' their savings for a short time;
- quick access to their money,
- a low-risk investment to diversify their portfolio;
- capital protection, but not capital growth.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.25% (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?



**NISHAN MAHARAJ**  
BSc (Hons), MBA



**MAURO LONGANO**  
BScEng (Hons), CA (SA)



**SINOVUYO  
NDALENI**  
BBusSc

## GENERAL FUND INFORMATION

Launch Date	1 October 1999
Fund Class	A
Benchmark	Alexander Forbes STeFI 3-month Index
Fund Category	South African – Interest Bearing – Money Market
Regulation 28	Does not comply
Income Distribution	Monthly
Investment Minimum	R10 000 (lump sum only)
Bloomberg Code	CORIBMM
ISIN Code	ZAE000022885
JSE Code	CMMF

# CORONATION MONEY MARKET FUND

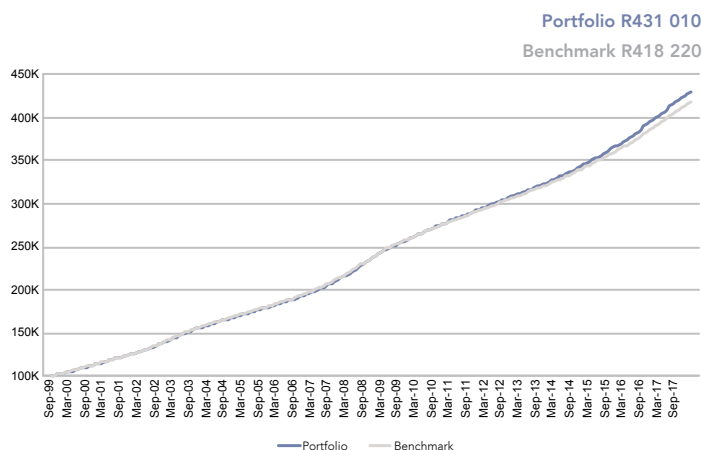
CLASS A as at 28 February 2018

Fund category	South African - Interest Bearing - Money Market
Launch date	01 October 1999
Fund size	R 7.67 billion
NAV	100.00 cents
Benchmark/Performance	Alexander Forbes 3-month (SteFI) Index
Fee Hurdle	
Portfolio manager/s	Nishan Maharaj, Mauro Longano and Sinovuyo Ndeleni

Total Expense Ratio	1 Year	3 Year
Fund management fee	0.29%	0.29%
Fund expenses	0.01%	0.01%
VAT	0.03%	0.03%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.29%	0.29%

## PERFORMANCE AND RISK STATISTICS

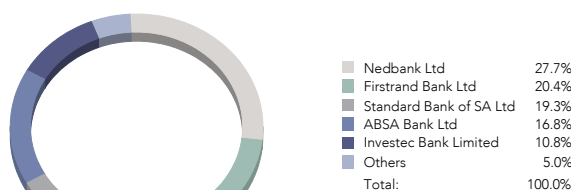
### GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



## PORTFOLIO DETAIL

### CREDIT EXPOSURE

As at 31 Dec 2017



## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	331.0%	318.2%	12.8%
Since Launch (annualised)	8.3%	8.1%	0.2%
Latest 15 years (annualised)	7.7%	7.4%	0.3%
Latest 10 years (annualised)	7.2%	6.8%	0.4%
Latest 5 years (annualised)	6.8%	6.2%	0.5%
Latest 3 years (annualised)	7.5%	6.8%	0.7%
Latest 1 year	7.9%	7.1%	0.8%
Year to date	1.2%	1.1%	0.1%

## MATURITY PROFILE DETAIL

	28 Feb 2018
Average Duration in days	48

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	0.6%	0.7%
Sharpe Ratio	(0.32)	N/A
Maximum Gain	331.0%	N/A
Maximum Drawdown	N/A	N/A
Positive Months	100.0%	N/A

The price of each unit is aimed at a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the Fund.

	Fund	Date Range
Highest annual return	12.9%	Aug 2002 - Jul 2003
Lowest annual return	5.1%	Nov 2012 - Oct 2013

## INCOME DISTRIBUTIONS

Declaration	Payment	Yield
28 Feb 2018	01 Mar 2018	7.89
31 Jan 2018	01 Feb 2018	7.85
31 Dec 2017	02 Jan 2018	7.82
30 Nov 2017	01 Dec 2017	7.64

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.64%	0.58%											1.20%
Fund 2017	0.66%	0.60%	0.66%	0.64%	0.66%	0.63%	0.65%	0.65%	0.62%	0.64%	0.61%	0.64%	7.90%
Fund 2016	0.57%	0.56%	0.61%	0.60%	0.63%	0.61%	0.64%	0.64%	0.62%	0.65%	0.65%	0.67%	7.70%

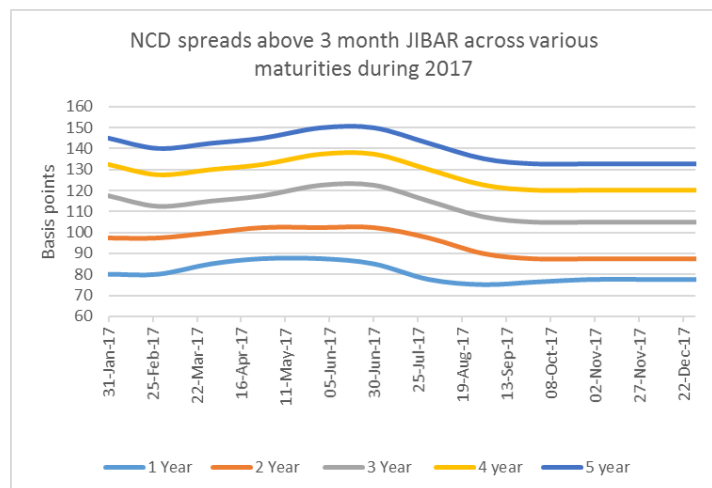
**Please note that the commentary is for the retail class of the fund.**

The fund returned 7.85% over one year and 1.80% for the quarter. The fund's one-year forward yield was 8.03% and the duration was 52 days.

In line with the risk profile of the fund, returns are largely achieved by investing in Negotiable Certificates of Deposits (NCDs) issued by the major banks. The benefit of these instruments is twofold:

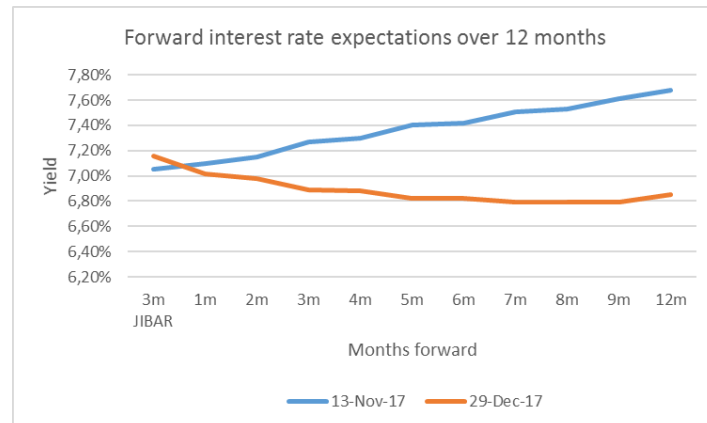
- they generate an attractive yield relative to the fund's benchmark; and
- can be easily sold back to the banks at actively quoted rates.

Despite the economic and political events of the last quarter, NCD spreads remained relatively stable across all maturities, demonstrating that banks' wholesale funding needs were relatively well balanced against investment demand. While this has been broadly positive for the fund, the status quo may be impacted by some notable risk events in the first quarter of 2018 including rating agency action and the Budget Speech. The fund remains well placed to handle any adverse market moves with capital preservation and liquidity being key focus areas.



The fund does not take long-term interest rate views and interest rate risk is typically hedged to ensure compliance with the mandated duration limit of 90 days. While operating within this limit, there is still opportunity to exploit dislocations in the market's short-term interest rate expectations relative to our house view. Over the last quarter, forward interest rate expectations as represented by the FRA curve moved from reflecting three interest rate hikes over a 12-month period to reflecting one interest rate cut. By purchasing one-year fixed rate NCDs when the opportunity arose (at a market yield of 8% versus the current 7.8%), the fund was able to benefit from the capital appreciation that resulted from this change in market expectations. Even if the

fund were to hold these instruments to maturity, it would still benefit from an initial purchase yield, which is well above its benchmark, together with the associated liquidity advantages.



While the outcome of the ANC elective conference did help temper interest rate expectations, we initiated the trade based on fundamental economic research. Our view was that three interest rate hikes over a 12-month period was too aggressive given our muted outlook on inflation, largely driven by strong food disinflation.

Another interesting event this past quarter includes the move in 3-month JIBAR from 6.99% to 7.15%. A large portion of our floating rate investments is benchmarked against the 3-month JIBAR. While this move is peculiar given that the current repo rate is 6.75% and the forward interest rate curve is expecting a cut over the coming year, the rate is not driven by forward expectations alone and interbank liquidity does play a balancing role. Given that the benchmark on floating rate instruments only resets to market levels on a quarterly basis, this distortion provides for potential uplift in the fund, where the weighted average 3-month JIBAR benchmark is 7.09% as opposed to the current market rate of 7.15%.

We tread carefully into 2018, remaining disciplined and only investing in instruments that are attractively priced relative to their underlying risk profile.

## Portfolio managers

**Mark le Roux and Christine Fourie**

as at 31 December 2017

**IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION MONEY MARKET 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. The Coronation Money Market fund is not a bank deposit account. The fund has a constant price (of 100 cents). The total return to the investor is made up of interest received and any gain or loss made on any particular instrument. In most cases the return will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. 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 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 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 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](http://www.coronation.com)

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