CORONATION BALANCED PLUS FUND

Fund Information as at 31 July 2018

WHAT IS THE FUND'S OBJECTIVE?

Balanced Plus aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pension Funds Act) over the long term.

WHAT DOES THE FUND INVEST IN?

Balanced Plus can invest in a wide variety of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally.

The fund complies with Regulation 28, which limits the exposure of retirement investors to certain asset classes. For example, shares may never comprise more than 75% of the fund's portfolio, while exposure to property is limited to 25% and foreign assets (excluding Africa) is limited to 30% each.

The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

As Balanced Plus aims to maximise long-term returns, it will typically have a strong bias towards shares, which offer the highest expected growth over the long run. The fund's managers actively seek out attractively valued shares that may achieve strong returns over periods of five years and longer.

While shares usually offer the best investment return, this comes with the greatest risk of short-term losses. The fund's investment in shares is therefore carefully balanced with other assets (including cash, bonds and property) to ensure that risk is moderated. Returns from these assets are not as volatile as shares, and will not always move in the same direction (up or down) at the same time, making the fund less risky than a pure equity fund.

Given the care taken to manage risk and to ensure that the best possible returns can be achieved from a range of diverse investments, it is unlikely that the Balanced Plus fund will lose money over the longer term. However, the fund may produce negative returns in extreme years, albeit at a lower level than a fund that is only invested in shares.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is five years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are saving for retirement, and:

- can stay invested for at least five years (preferably longer);
- have to choose a fund for their retirement annuity, provident fund, preservation fund or pension fund, and are looking for an investment that balances long-term growth with moderate levels of risk.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% (excl. VAT) is payable.

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. We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com

WHO ARE THE FUND MANAGERS?

KARL LEINBERGER
BBusSci, CA (SA), CFA

SARAH-JANE ALEXANDER
BBusSc, CFA

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

GENERAL FUND INFORMATION

Launch Date	15 April 1996
Fund Class	A
Benchmark	Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international
Fund Category	South African – Multi-asset – High Equity
Regulation 28	Complies
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORBALN
ISIN Code	ZAE000019808
JSE Code	CORB

CORONATION BALANCED PLUS FUND

CLASS A as at 31 July 2018

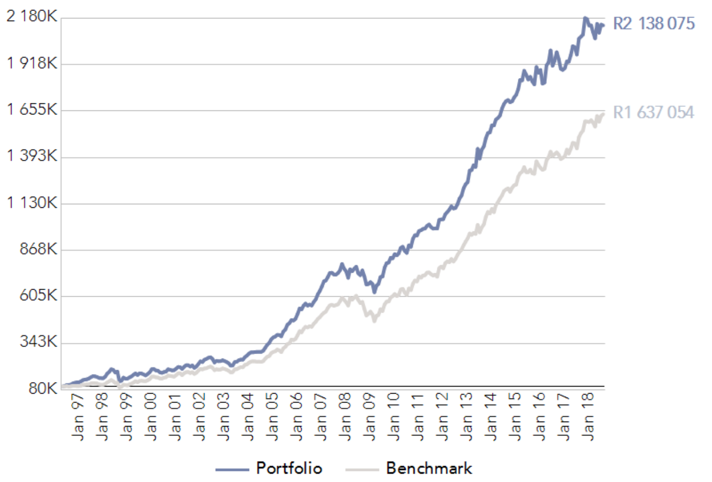
CORONATION
TRUST IS EARNED™

Fund category	South African - Multi Asset - High Equity
Launch date	15 April 1996
Fund size	R90.86 billion
NAV	10561.43 cents
Benchmark/Performance Fee Hurdle	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Portfolio manager/s	Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler

	1 Year	3 Year
Total Expense Ratio	1.65%	1.62%
Fund management fee	1.24%	1.24%
Fund expenses	0.23%	0.20%
VAT	0.17%	0.17%
Transaction costs (inc. VAT)	0.13%	0.13%
Total Investment Charge	1.78%	1.75%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2018
Domestic Assets	**76.3%**
Equities	**46.2%**
Basic Materials	7.5%
Industrials	0.5%
Consumer Goods	8.3%
Health Care	2.6%
Consumer Services	9.5%
Telecommunications	2.9%
Financials	9.7%
Technology	0.3%
Derivatives	5.0%
Unlisted	0.0%
Preference Shares & Other Securities	**0.0%**
Real Estate	**11.0%**
Bonds	**16.4%**
Commodities	**0.5%**
Cash	**2.2%**
International Assets	**23.7%**
Equities	**22.3%**
Real Estate	**0.7%**
Bonds	**0.2%**
Cash	**0.5%**

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	2038.1%	1537.1%	501.0%
Since Launch (annualised)	14.8%	13.4%	1.4%
Latest 20 years (annualised)	13.0%	13.9%	(0.9)%
Latest 15 years (annualised)	15.5%	14.9%	0.6%
Latest 10 years (annualised)	11.4%	11.1%	0.3%
Latest 5 years (annualised)	8.3%	10.4%	(2.1)%
Latest 3 years (annualised)	5.0%	7.3%	(2.3)%
Latest 1 year	3.6%	8.6%	(5.0)%
Year to date	0.0%	2.8%	(2.8)%

TOP 10 HOLDINGS

As at 30 Jun 2018	% of Fund
Naspers Ltd	5.1%
British American Tobacco Plc	4.7%
Contrarius Global Equity Fund	3.2%
Egerton Capital Equity Fund	2.9%
MTN Group Ltd	2.8%
Standard Bank of SA Ltd	2.3%
INTU Properties	2.2%
Maverick Capital	2.2%
Lansdowne Capital	2.0%
Fortress Income Fund Ltd A	2.0%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.2%	12.2%
Sharpe Ratio	0.38	0.30
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	67.4%	65.2%

	Fund	Date Range
Highest annual return	49.3%	Aug 2004 - Jul 2005
Lowest annual return	(17.4%)	Sep 1997 - Aug 1998

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2018	03 Apr 2018	113.93	36.36	77.57
29 Sep 2017	02 Oct 2017	122.63	43.60	79.03
31 Mar 2017	03 Apr 2017	103.07	29.56	73.51
30 Sep 2016	03 Oct 2016	101.10	37.85	63.25

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.0%	(1.8)%	(1.7)%	4.0%	(2.4)%	2.2%	(0.2)%						0.0%
Fund 2017	2.0%	(0.1)%	1.9%	2.6%	(0.3)%	(2.0)%	4.6%	0.5%	0.6%	4.5%	(0.3)%	(1.7)%	12.7%
Fund 2016	(4.1)%	0.3%	5.4%	0.9%	3.5%	(4.4)%	1.5%	2.5%	(1.9)%	(2.8)%	(0.3)%	0.6%	0.5%

Issue date: 2018/08/07

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

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

The fund returned 3.8% for the quarter, aided by its limited exposure to fixed rate bonds. The fund has performed well against its peer group over all meaningful longer time periods.

The MSCI All Country World Index ended the quarter +0.5% in US dollars (+10.7% over a rolling 12 months). Our emerging market exposure detracted from performance, as risk aversion saw the MSCI Emerging Market Index declining by 8.0% for the period (+8.2% over a rolling 12 months). The fund reduced its weighting in global equities in the first half of the year, as valuations have become increasingly stretched and risks increasingly elevated (from trade wars to economic populism to geopolitics).

The JSE All Share Capped Index returned 2.9% for the second quarter with a strong contribution from the resources sector (+20%). The industrial sector, with its large rand hedge counters also rose during the period, ending up 4%. Domestic-heavy sectors such as financials and property ended the quarter down 6.0% and 2.2% respectively. The pressure on domestic stocks came about as the exuberance, which had been priced into most domestic shares following the ANC's December elective conference, was not supported by near-term results.

The fund continues to hold large positions in several of the JSE-listed offshore stocks. These positions are held for stock-specific, as opposed to thematic reasons. The post-elective conference rally in domestic stocks provided an opportunity to take profits in certain domestic stocks and add to names including Naspers, British American Tobacco and AB Inbev (ABI). One of the largest positions in the fund is British American Tobacco - a high quality, globally diversified stock trading at the very attractive valuation of 12x forward PE. The share has de-rated along with global staples, although the sell-off was amplified by regulatory fears and concerns around the industry transition from combustibles to new generation products. We believe the company to be well positioned for this move. ABI is the world's largest brewer, but growth wobbles (as emerging market currencies crashed), coupled with the recessionary environment in which its Brazilian business had to operate, have led to a de-rating. ABI is an extraordinary company and it is evolving. We believe it has learnt important lessons from SAB and we expect the business to succeed in delivering organic top-line growth in the years ahead.

As the domestic rally reversed and the rand weakened, we took the opportunity to add to our positions in domestic, high quality defensive names. Our preferred names remain the hospital stocks (Netcare and Life Healthcare) as well as food producers and retailers. We still have limited exposure to economically sensitive domestic companies because valuations do not yet offer a sufficient margin of safety, in our view.

The strong performance in resource stocks has been driven by robust pricing across most commodities. The Chinese government has demonstrated a real commitment to improving environmental conditions in the country, with increased ministerial powers and stringent enforcement of winter production cuts in sectors like steel. The environmental clampdown is creating short-term supply disruption and premiums for higher quality metals spiked over the winter season as producers focused on efficiency. Restrictions on permitting are likely to encourage cleaner, more efficient production over time. The proposed South African mining charter was also released in mid-June, bringing some clarity to the domestic sector. The charter confirmed the recognition of "once empowered, always empowered", reducing the risk of ongoing dilution of ownership for equity holders. Requirements for new mining rights as well as for the renewal of existing mining rights are relatively onerous and will increase investment hurdles for new projects. Anglo American and Northam remain our largest holdings, while Mondi and Sasol (a beneficiary of strong oil prices) were reduced on the back of strong performance.

Domestic financial stocks came under broad-based pressure, giving up most of their post-elective conference gains. The weakness provided an opportunity for us to build a holding in FirstRand, a well-run domestic bank which has built a leading retail franchise despite competitive markets. The bank continues to execute impeccably and should benefit from a pickup in domestic growth. It trades on <12x PE.

Global bond yields increased in response to the US hiking rates and an increasing aversion to risk. This vindicated the fund's low weight in fixed rate bonds (both offshore and locally). Foreign selling of South African government bonds drove sharply rising domestic yields (and negative returns with the All Bond Index down 3.8% in the quarter). This offered an opportunity to build a position in government bonds at attractive levels. Although valuations reached attractive levels in the domestic market, this was not the case in global markets. In our view, yields are simply too low to justify the risk that comes with rising levels of indebtedness and an increasingly reckless disregard for fiscal discipline from many of the world's leading economies.

The property market declined 2% in the quarter. We continue to avoid most of the counters within the Resilient stable and find more value in the A property sector as well as blue chip domestic names such as Growthpoint, Redefine and Investec Property Fund.

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

Portfolio manager
Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
as at 30 June 2018

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

The Balanced 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 30% (including a maximum exposure of 5% to Africa, excluding South 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 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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