

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in a select group of resource companies. It seeks to outperform an index of resource companies listed on the Johannesburg Stock Exchange (the JSE Resources Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in a broad range of resource and basic materials industry shares that are affected by changes in the commodity cycle. This includes companies involved in mining, minerals, energy, natural resources and other commodities. 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. The fund reflects Coronation's best investment views in the resource sector.

Shares are selected following rigorous research into the long-term potential of a company. Shares can be volatile investments, and the cyclical demand for commodities can add to the risk of capital loss.

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 specific exposure to the resource sector;
- believe that resource shares offer compelling value;
- accept the cyclical nature of commodity demand and the resulting increased risk of short-term losses;
- want to hold the Resources 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.

WHO IS THE FUND MANAGER?



NICHOLAS STEIN

CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	1 October 1999
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Resources Index
Fund Category	South African – Equity – Resources
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORVALU
ISIN Code	ZAE000022877
JSE Code	CCGF

CORONATION RESOURCES FUND

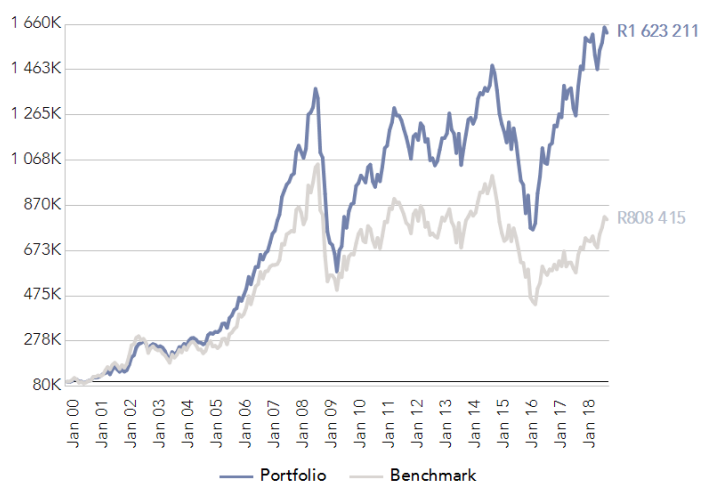
CLASS P as at 31 July 2018

Fund category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R543.32 million
NAV	11138.50 cents
Benchmark/Performance	FTSE/JSE Africa Resources Index (TR)†
Fee Hurdle	
Portfolio manager/s	Nicholas Stein

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.27%	1.33%
Fund expenses	1.00%	1.00%
VAT	0.13%	0.19%
Transaction costs (inc. VAT)†	0.14%	0.14%
Total Investment Charge	0.49%	0.42%
	1.76%	1.75%

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)	1523.2%	708.4%	814.8%
Since Launch (annualised)	15.9%	11.7%	4.2%
Latest 15 years (annualised)	14.0%	9.2%	4.8%
Latest 10 years (annualised)	4.0%	(0.5)%	4.4%
Latest 5 years (annualised)	7.7%	1.6%	6.2%
Latest 3 years (annualised)	18.4%	9.2%	9.2%
Latest 1 year	16.9%	23.7%	(6.8)%
Year to date	2.4%	13.4%	(11.0)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	22.7%	26.1%
Sharpe Ratio	0.33	0.13
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	58.0%	55.3%

	Fund	Date Range
Highest annual return	100.5%	Apr 2001 - Mar 2002
Lowest annual return	(54.2)%	Mar 2008 - Feb 2009

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	2.0%	(5.6)%	(4.0)%	5.7%	2.2%	4.2%	(1.5)%						2.4%
Fund 2017	11.0%	(4.1)%	2.8%	0.6%	(6.4)%	(2.4)%	10.0%	6.4%	(0.9)%	9.4%	(0.7)%	(0.3)%	26.3%
Fund 2016	3.6%	16.5%	8.1%	12.4%	(5.7)%	(0.6)%	7.8%	0.8%	6.8%	(0.4)%	4.5%	(1.1)%	64.1%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2018
Domestic Assets	95.8%
Equities	93.4%
Basic Materials	91.7%
Industrials	1.7%
Preference Shares & Other Securities	2.6%
Cash	(0.2)%
International Assets	4.2%
Equities	1.9%
Commodities	2.2%
Cash	0.0%

TOP 10 HOLDINGS

As at 30 Jun 2018	% of Fund
Anglo American Plc	18.2%
Sasol Ltd	13.4%
Mondi Limited	13.1%
Exxaro Resources Ltd	9.3%
BHP Billiton Plc	8.2%
Northam Platinum Ltd	7.7%
Pan African Resources Plc	4.9%
Omnia Holdings Ltd	4.6%
Sappi Southern Africa Pty Ltd	3.4%
Merafe Resources Ltd	3.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2018	03 Apr 2018	138.35	136.08	2.27
29 Sep 2017	02 Oct 2017	130.27	130.19	0.08
31 Mar 2017	03 Apr 2017	45.99	42.47	3.52
30 Sep 2016	03 Oct 2016	40.50	36.40	4.10

The second quarter of 2018 was a very strong one for the resources sector as well as the fund (returning 20% and 13% respectively). The long-term track record of the fund remains compelling, with it performing well against both its peer group and the benchmark over most meaningful periods.

For the quarter, the fund benefited from underweight holdings in the gold majors. An underweight holding in BHP Billiton, as well as overweight holdings in PGM shares, detracted from performance. Over the last quarter, we have added to our holdings of BHP Billiton, Omnia and the PGM shares. We reduced holdings in Sasol, Anglo American and AECI.

The Department of Mineral Resources (DMR) announced a revised iteration of Mining Charter III. This revision does add some certainty in that it recognises past empowerment deals (the “once empowered always empowered” principle). However, for new mining rights, as well as renewals of existing mining rights, it is onerous (although admittedly less so than the prior version). The requirement of a 10% free carry (5% each for communities and employees), as well as a trickle dividend of 1% of EBITDA to communities and employees, will increase the return hurdles mining companies seek and risks deterring future investment. Stakeholders continue to engage on the document, with the DMR hoping to resolve the charter by end-November 2018.

Thermal coal continues to defy gravity. From its lows (below \$50 per ton in late 2015), the commodity is now trading at over \$100 per ton. This was driven by several factors. Despite coal’s reputation as a dirty energy source, the transition away from it is happening in a slow, measured way. Even though, for example, Chinese coal power as a percentage of total power is dropping, China’s overall power demand is growing so strongly that actual coal tons demanded are growing. At the same time, China is reducing domestic coal production (due to environmental, safety and financial reasons), increasing their imported coal requirements. Recent low river flow has meant that Chinese hydroelectric supply has disappointed, further adding to the demand for coal.

Exxaro is well placed to capitalise on the strong coal price. Although a large portion of its supply goes to Eskom on fixed price contracts, it still exports c.8 million tons per annum, which is directly exposed to the seaborne coal price. It has also shown market-friendly actions by returning a large portion of the Tronox sale proceeds to shareholders. We expect Exxaro to do the same when it sells the second tranche of its Tronox holdings in late 2018/early 2019. We believe this will highlight to investors how cheap the underlying coal business is.

The fund continues to have a material weighting towards the platinum group metal (PGM) shares. Our largest holding is Northam, followed by Anglo Platinum (on a look-through basis via our Anglo American position). The PGM shares have continued to underperform the resources sector. Despite the rand PGM basket increasing by 14% during the quarter, the PGM sector delivered a return of 0%. Our bullishness on PGM shares is based on material deficits in the 3E PGM (platinum, palladium and rhodium) markets, which we believe are not reflected in either the commodity or equity prices.

Portfolio manager
Nicholas Stein
as at 30 June 2018

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

The Resources 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. The fund is mandated to invest up to 25% (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 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

IMPORTANT INFORMATION REGARDING TERMS OF USE

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.