

CORONATION SA EQUITY FUND

Fund Information as at 31 July 2018

WHAT IS THE FUND'S OBJECTIVE?

The SA Equity Fund aims to achieve the best possible long-term growth from investing in South African shares.

WHAT DOES THE FUND INVEST IN?

The SA Equity Fund invests in the shares of companies listed on the Johannesburg Stock Exchange. While investments in foreign markets are specifically excluded, the fund can invest in international companies that are listed in South Africa.

There are no restrictions on how much exposure the fund can have to different sectors (for example, to mining, financial or industrial companies).

The fund will be fully invested in shares at all times. 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 shares that could achieve strong investment growth over the long run. Rigorous research is conducted into the long-term potential of a company and whether it is attractively valued relative to other companies, before its shares are selected for the fund.

Shares can be volatile investments and there is a meaningful risk of capital loss over the short term. However, given its focus on attractively valued shares that could offer long-term growth, the SA Equity Fund may preserve capital better than its benchmark over the long run.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 years or more is therefore ideal. It is not suitable as a single investment for investors who need to preserve their capital over five years or less.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- are comfortable with full exposure to shares listed in South Africa;
- accept that the fund may underperform the market in the short term in pursuit of superior long-term gains.
- do not require an income in the short term.
- The fund is less concentrated than the Coronation Top 20 fund, making it more suitable for investors holding only one equity fund.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.75% and a maximum of 2.60%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of the benchmark, a fee of 1.10% will be charged. We share in 20% of the performance above the benchmark, up to a total annual fee of 2.60%. Performance is measured over a rolling 24-month period.

When the fund return (after fees) is below the benchmark over a rolling 60-month period the fee is discounted by 0.35%.

All fees exclude VAT. 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 fund 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
BBusSc, CA (SA), CFA



SARAH-JANE ALEXANDER
BBusSc, CFA



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

GENERAL FUND INFORMATION

Launch Date	30 September 2015
Fund Class	A
Benchmark	FTSE/JSE Capped All Share Index (CAPI)
Fund Category	South African – Equity – General
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORSAEA
ISIN Code	ZAE000209441
JSE Code	CSEFA

CORONATION SA EQUITY FUND

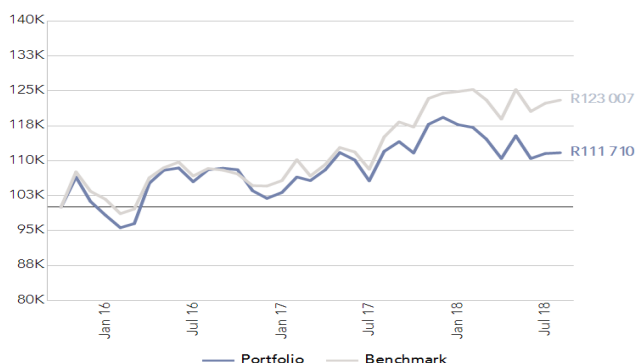
CLASS A as at 31 July 2018

FundCategory	South African - Equity - General
Launch date	30 September 2015
Fund size	R 1.13 billion
NAV	109.09 cents
Benchmark/Performance	FTSE/JSE Capped All Share Index
Fee Hurdle	
Portfolio manager/s	Karl Leinberger, Sarah-Jane Alexander & Adrian Zetler

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.27%	1.47%
Adjusted for out/(under)-performance	1.10%	1.10%
Fund expenses	-	0.01%
VAT	0.02%	0.21%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.07%	0.71%
	1.34%	2.18%

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)	11.7%	23.0%	(11.3)%
Since Launch (annualised)	4.0%	7.6%	(3.6)%
Latest 1 year	(0.3)%	6.9%	(7.1)%
Year to date	(5.1)%	(1.5)%	(3.7)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	11.8%	11.0%
Sharpe Ratio	(0.29)	0.02
Maximum Gain	13.4%	11.2%
Maximum Drawdown	(10.2%)	(8.3%)
Positive Months	52.9%	55.9%

	Fund	Date Range
Highest annual return	17.1%	Dec 2016 - Nov 2017
Lowest annual return	(2.7%)	Nov 2015 - Oct 2016

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	(0.5)%	(2.1)%	(3.6)%	4.4%	(4.2)%	1.0%	0.1%						(5.1)%
Fund 2017	3.2%	(0.7)%	2.2%	3.4%	(1.4)%	(4.1)%	6.0%	1.9%	(2.1)%	5.5%	1.3%	(1.3)%	14.1%
Fund 2016	(2.7)%	0.9%	9.0%	2.6%	0.5%	(2.7)%	2.4%	0.3%	(0.3)%	(4.2)%	(1.6)%	1.2%	4.9%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2018
Domestic Assets	100.0%
■ Equities	92.5%
Basic Materials	16.9%
Industrials	1.1%
Consumer Goods	17.8%
Health Care	6.0%
Consumer Services	20.8%
Telecommunications	6.4%
Financials	22.0%
Technology	0.6%
Derivatives	0.9%
■ Real Estate	7.4%
■ Cash	0.1%

TOP 10 HOLDINGS

As at 30 Jun 2018	% of Fund
Naspers Ltd	10.9%
British American Tobacco Plc	10.1%
MTN Group Ltd	6.1%
Standard Bank Group Ltd	5.3%
Anglo American Plc	4.5%
Nedbank Group Ltd	4.2%
Sasol Ltd	3.4%
Spar Group Ltd	3.3%
INTU Properties	3.2%
Pick 'N Pay Stores	3.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2018	03 Apr 2018	0.38	0.31	0.07
29 Sep 2017	02 Oct 2017	0.73	0.67	0.06
31 Mar 2017	03 Apr 2017	0.54	0.48	0.06
30 Sep 2016	03 Oct 2016	0.76	0.66	0.10

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

The fund had a challenging second quarter, returning 1.0%, mainly due to weak equity markets. This is a relatively new fund without a meaningful long-term track record.

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.

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 managers

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

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

The SA Equity 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. Asset allocation and top 10 holdings are reflected on a look-through basis. 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. The fund's performance and fee benchmark is the FTSE/JSE Capped All Share Index (CAPI). Note that we use the formal SA – Equity – General category benchmark as specified in the ASISA Standard on Fund Classification, which is currently the FSTE/JSE All Share Index, for compliance monitoring purposes.

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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