CORONATION BALANCED PLUS FUND

Fund Information as at 31 May 2018

CORONATION
TRUST IS EARNED™

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.

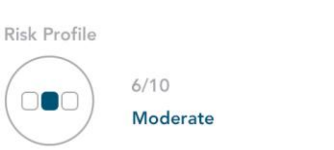
WHAT DOES THE FUND INVEST IN?

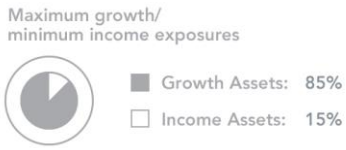
Balanced Plus can invest in a wide variety of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally.

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 May 2018

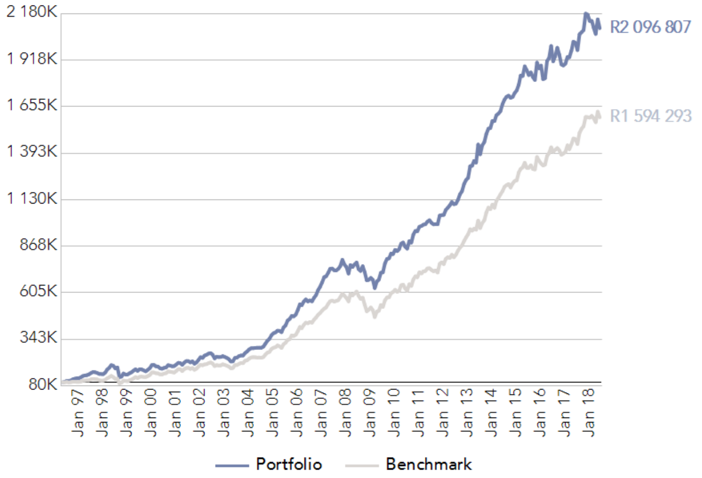
CORONATION
TRUST IS EARNED™

Fund category	South African - Multi Asset - High Equity
Launch date	15 April 1996
Fund size	R89.28 billion
NAV	10357.58 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%	1.61%
Fund management fee	1.24%	1.24%
Fund expenses	0.23%	0.20%
VAT	0.17%	0.17%
Transaction costs (inc. VAT)	0.13%	0.12%
Total Investment Charge	1.78%	1.73%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2018
Domestic Assets	**76.1%**
Equities	45.7%
Basic Materials	7.4%
Industrials	0.7%
Consumer Goods	7.3%
Health Care	3.0%
Consumer Services	9.3%
Telecommunications	3.0%
Financials	10.0%
Technology	0.2%
Derivatives	4.8%
Unlisted	0.0%
Preference Shares & Other Securities	0.0%
Real Estate	12.4%
Bonds	13.9%
Commodities	0.2%
Cash	3.9%
Other (Currency Futures)	0.1%
International Assets	**23.9%**
Equities	21.5%
Real Estate	0.7%
Bonds	1.4%
Cash	0.3%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1996.8%	1494.3%	502.5%
Since Launch (annualised)	14.8%	13.4%	1.4%
Latest 20 years (annualised)	12.7%	13.4%	(0.7)%
Latest 15 years (annualised)	15.6%	15.0%	0.7%
Latest 10 years (annualised)	10.5%	10.1%	0.4%
Latest 5 years (annualised)	7.8%	9.5%	(1.7)%
Latest 3 years (annualised)	4.1%	6.8%	(2.7)%
Latest 1 year	4.1%	8.4%	(4.3)%
Year to date	(1.9)%	0.1%	(2.0)%

TOP 10 HOLDINGS

As at 31 Mar 2018	% of Fund
Coronation Global Opportunities Equity Fund	14.9%
British American Tobacco Plc	4.2%
Naspers Ltd	3.5%
Coronation Global Emerging Markets Fund	3.4%
MTN Group Ltd	3.3%
Standard Bank of SA Ltd	3.0%
Coronation African Frontiers Fund	3.0%
Redefine Income Fund	2.6%
INTU Properties	2.3%
Anglo American Plc	2.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.2%	12.3%
Sharpe Ratio	0.38	0.29
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	67.5%	64.9%

	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)%								(1.9)%
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: 2018/06/07

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

CORONATION
TRUST IS EARNED™

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

The fund had a challenging quarter, returning -3.4%, mainly due to weak equity markets. The fund has performed well against its peer group over meaningful time periods.

The quarter was characterised by heightened volatility in global equity markets; firstly driven by concerns around the impact of rising global bond yields and more recently due to the growing risk of a US/China trade war. Against this backdrop, the MSCI All Country World Index ended the quarter down 1.0% in US dollars (+14.9% over a rolling 12 months). Emerging markets continued their recent outperformance, returning +1.4% for the period (+24.9% over a rolling 12 months) relative to developed markets which returned -1.3% (+13.6% over a rolling 12 months).

We continue to avoid owning global bonds given our expectation that bond yields will move higher. The global economy is experiencing a synchronised recovery with signs of inflation returning. This, coupled with central bank policy rates that we believe are still too low for a non-crisis global economy, and US President Donald Trump's tax package – which will provide further economic stimulus – makes it appear almost inevitable that interest rates will eventually have to rise to more normal levels. Naturally, this will have knock-on implications for the pricing of all risk assets and we would temper expectations around equity market returns relative to the strong gains we have experienced in recent years.

Locally, the good news post the ANC's elective conference in December has continued. Cyril Ramaphosa was sworn in as state president in February, followed shortly thereafter by a major cabinet reshuffle in which he made some credible appointments in certain key ministries. This decisiveness, together with a sound 2018/19 Budget, was rewarded when Moody's raised the outlook for South African sovereign debt from negative to stable and maintained the country's sovereign rating at Baa3, which keeps it in the Citi World Government Bond Index. GDP data for the last quarter of 2017 beat expectations at 3.1% quarter-on-quarter versus the market expectation of 1.8%. Improving inflation expectations gave the South African Reserve Bank room to cut the repo rate by 25 basis points to 6.5% and opened the door to further rate cuts later in the year. In terms of the post-Zuma governance clean-up: the National Prosecuting Authority announced that Mr. Zuma would now face corruption charges that had been dropped nine years ago and the South African Revenue Service head Tom Moyane, was suspended. Further, the newly appointed mining minister Gwede Mantashe, announced that he would revise the mining charter, a move welcomed by the mining industry. Although we have yet to see all this good news translate into improved corporate earnings, we are confident that the economy is once again headed in the right direction.

Given the improved political and economic outlook, the rand continued its December rally and ended the quarter 4.7 stronger against the US dollar and 2% stronger against the euro. Domestic bonds also had a very strong quarter with the All Bond Index ending up 8.1% – making South African government bonds one of the best performing, globally, for the quarter. Our low exposure to domestic fixed-rate bonds detracted from performance over this period. However, we believe that South African fixed income assets are currently fully priced and are reflecting much of the good news for the local economy. Furthermore, local bond yields provide very little cushioning against a further increase in global inflation and a rise in developed market bond yields. We therefore continue to maintain very low exposure to fixed rate bonds. This is partly offset by our overweight position in listed property – especially the A property shares, which we believe offer very attractive risk-adjusted returns.

Overall, the JSE had a poor quarter, with the JSE All Share Capped Index declining 6.0% (and with it dragging down its rolling 12-month returns to 9.6%). The weakness was driven by industrials (-8%) and property (-20%), with the latter being impacted by the collapse in the share prices of the Resilient group of companies, i.e. Resilient (-65%), Fortress B (-46%) and Nepi Rockcastle (-44%). This was on the back of allegations of management impropriety principally related to share price manipulation. Fortunately, the fund had no exposure to these counters. The financial sector continued its rally that commenced post the ANC elective conference with banks (+4.2%) and life insurers (+1.2%) ending the quarter in positive territory. The resources sector declined -3.8% with platinum stocks (-21%), in particular, having another terrible quarter. We have taken some profits on our offshore equity positions and added opportunistically to domestic stocks – thereby marginally increasing our domestic equity exposure.

We continue to maintain a reasonable exposure to resources companies based on our assessment of their long-term value. Our preference for Anglo American (+10%) over BHP Billiton (-3%) – based on a more attractive commodity mix and valuation – continued to contribute to performance for the quarter. However, our platinum exposure – mainly through Northam – has continued to be a detractor from performance.

The large mining companies have all recently reported results which were generally in line with, or better than, market expectations. The theme of strong cash flow, deleveraging and capital returns to shareholders continues. High prices, limited capital expenditure, benign mining inflation and low freight rates have led to the mining companies generating above normal free cash flow. We are starting to see mining inflation and capital expenditure levels pick up. In addition, growth is starting to make its way back into mining executives' vocabulary (examples include greenfields copper at Anglo American and coal acquisitions by Glencore). Our hope is that it remains measured and that these executives aren't lured into chasing growth at the expense of returns. News flow with respect to South African mining has also been distinctly more positive. Ramaphosa's election has brought much hope and optimism to the country. With his long history of involvement in the mining industry, the hope is that the sector's prospects improve. Indeed, one of Mr. Ramaphosa's first actions was to replace the mining minister (as noted earlier). In addition, new leadership has been injected into Eskom. In early April, the South African High Court issued a declaratory order, effectively recognising the principle of 'once empowered, always empowered'. Legal recognition of this principle would remove the risk of ongoing dilution of ownership for equity holders. Our expectation is that increased policy certainty, a reduction in patronage and politically induced safety stoppages should go a long way to improve the operating environment for our local miners.

The British American Tobacco (BTI) share price declined by 16% during the quarter – partly on the back of sector rotation out of global staples and partly due to regulatory concerns around the threat of the US Food and Drug Administration's intention to reduce nicotine consumption. This is not the first (and certainly not the last) time that tobacco companies will face regulatory headwinds in their markets. However, we continue to believe that these concerns are overblown and that the market is underappreciating the pricing power, stable earnings and cash flow generation inherent in the business. Furthermore, we are optimistic on the earnings opportunity from next generation products and the synergies that could be extracted from the recently completed Reynolds deal. BTI is currently trading on a 13.4x one year forward P/E multiple and 10.4x our assessment of normal earnings. This is incredibly cheap for a globally diversified business of this quality and we continued to add to our BTI position during the quarter. The share is now the single largest position in the fund.

Although domestic banks have had a strong run since December, Investec has been a standout laggard due to the market's preference for banks with more exposure to domestic South Africa in anticipation of a strong economic recovery. With respect to Investec, in addition to its South African bank, one is also buying a high-quality asset and wealth management franchise as well as a UK banking operation where the earnings base is currently low (and where there is upside optionality should they be successful in pursuing their UK private banking aspirations). Investec is currently trading on less than a 10x one year forward P/E multiple, c.8x our assessment of normal earnings and also offering almost a 5% dividend yield. We think the valuation is very attractive and added to our position during the quarter.

The UK property sector appears to be coming back to life after the economic uncertainty surrounding Brexit. Initially sparked by the Hammerson all share offer for Intu in December, Hammerson ultimately became an acquisition target in March following the French-listed REIT, Klepierre's, proposed cash and scrip offer. Although Klepierre's proposal represented a c.40% premium to the undisturbed Hammerson share price just prior to the announcement, we still believe that at a c.20% discount to Hammerson's recently reported NAV, the potential offer significantly undervalues Hammerson's equity.

Material changes to the fund's equity portfolio for the quarter included a further reduction in our Naspers position on the back of a very strong run in Tencent's share price. We also sold most of our position in Discovery – again on share price strength. We further exited our position in Foschini as the business was trading above our assessment of fair value. We currently have limited exposure to the South African clothing retailers given their stretched valuations. At this point our preferred domestic equity exposure are the defensive counters such as Netcare, Life Healthcare and the food retailers (i.e. Pick n Pay and Spar) where we think valuations are still attractive.

In this uncertain world, our objective remains on building diversified portfolios that can absorb unanticipated shocks. We will continue to focus on valuation and seek to take advantage of attractive opportunities that the market may present to us, and in so doing generate inflation-beating returns for our investors over the long term.

Portfolio manager
Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
as at 31 March 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 is 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

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.