CORONATION EQUITY FUND

Fund Information as at 31 May 2018

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

The fund seeks to maximise long-term capital appreciation by investing primarily in a broad spectrum of listed equities.

WHAT DOES THE FUND INVEST IN?

The Equity Fund invests in the shares of companies listed on the Johannesburg Stock Exchange. The fund can also invest 25% in international equities, plus a further 5% in Africa (outside of 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

Risk Profile

8/10
Aggressive

Maximum growth/
minimum income exposures

Growth Assets: 100%
Income Assets: 0%

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 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 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
BCom (Hons), CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	15 April 1996
Fund Class	A
Benchmark	Composite: 87.5% SA equity, 12.5% International equity
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	COREQYA
ISIN Code	ZAE000058566
JSE Code	CORA

CORONATION EQUITY FUND

CLASS A as at 31 May 2018

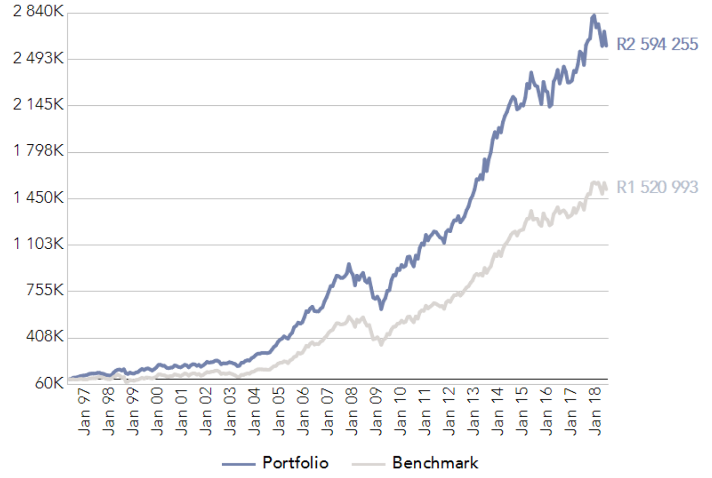
CORONATION
TRUST IS EARNED™

Fund category	South African - Equity - General
Launch date	15 April 1996
Fund size	R 7.34 billion
NAV	16474.87 cents
Benchmark/Performance Fee Hurdle	Composite (87.5% SA equity,12.5% International equity)
Portfolio manager/s	Karl Leinberger, Sarah-Jane Alexander & Adrian Zetler

	1 Year	3 Year
Total Expense Ratio	1.15%	1.13%
Fee for performance in line with benchmark	1.10%	1.10%
Adjusted for out/(under)-performance	(0.11)%	(0.13)%
Fund expenses	0.02%	0.02%
VAT	0.14%	0.14%
Transaction costs (inc. VAT)	0.26%	0.17%
Total Investment Charge	1.41%	1.30%

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)	2494.3%	1421.0%	1073.3%
Since Launch (annualised)	15.9%	13.1%	2.8%
Latest 20 years (annualised)	14.5%	13.3%	1.3%
Latest 15 years (annualised)	17.8%	17.7%	0.1%
Latest 10 years (annualised)	11.2%	10.5%	0.8%
Latest 5 years (annualised)	8.3%	10.3%	(2.0)%
Latest 3 years (annualised)	3.7%	5.6%	(1.9)%
Latest 1 year	2.3%	8.0%	(5.7)%
Year to date	(5.1)%	(2.6)%	(2.4)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.2%	17.5%
Sharpe Ratio	0.40	0.19
Maximum Gain	47.6%	43.5%
Maximum Drawdown	(35.1)%	(41.0)%
Positive Months	62.3%	62.6%

	Fund	Date Range
Highest annual return	62.5%	Aug 2004 - Jul 2005
Lowest annual return	(28.7%)	Mar 2008 - Feb 2009

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2018
Domestic Assets	**78.7%**
Equities	**71.9%**
Basic Materials	13.0%
Industrials	1.2%
Consumer Goods	12.3%
Health Care	5.2%
Consumer Services	15.9%
Telecommunications	5.1%
Financials	17.6%
Technology	0.5%
Derivatives	1.1%
Real Estate	**6.6%**
Cash	**2.5%**
Other (Currency Futures)	**(2.3)%**
International Assets	**21.3%**
Equities	**20.9%**
Real Estate	**0.4%**
Cash	**0.0%**

TOP 10 HOLDINGS

As at 31 Mar 2018	% of Fund
British American Tobacco Plc	7.3%
Naspers Ltd	6.1%
MTN Group Ltd	5.7%
Standard Bank Group Ltd	5.2%
Anglo American Plc	3.9%
Nedbank Group Ltd	3.5%
Sasol Ltd	2.9%
Spar Group Ltd	2.8%
Old Mutual Life Assurance SA	2.8%
INTU Properties	2.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2018	03 Apr 2018	103.09	89.87	13.22
29 Sep 2017	02 Oct 2017	118.01	114.87	3.14
31 Mar 2017	03 Apr 2017	104.53	100.02	4.51
30 Sep 2016	03 Oct 2016	131.80	125.06	6.74

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.9%	(2.6)%	(3.4)%	4.2%	(4.0)%								(5.1)%
Fund 2017	3.2%	(0.4)%	2.4%	4.0%	(0.6)%	(3.4)%	6.1%	1.4%	0.5%	5.8%	0.6%	(3.1)%	17.1%
Fund 2016	(4.8)%	0.7%	7.9%	1.2%	2.6%	(4.2)%	2.6%	2.8%	(1.6)%	(3.4)%	0.0%	0.6%	3.8%

Issue date: 2018/06/07

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 had a challenging first quarter, declining by 5.1%. The fund has performed well against both its peer group and the quantitative benchmarks over longer periods.

Our large weighting in global and, in particular, selected emerging market equities, significantly added to fund performance over the past year and quarter respectively. Three of the fund's largest international holdings, i.e. 58.com (+9%), Booking Holdings (+14%) and Vostok New Ventures (+9%) delivered strong performances. Vostok is a Swedish listed investment holding company that is focused on investing in early stage technology businesses that are run by entrepreneurs and typically benefit from strong network effects. Vostok's current investment portfolio is dominated by their 13.2% stake in Avito where they were one of the early investors. Today, Avito is the largest and most liquid online classifieds platform in Russia and dominates traffic in all the key high value classifieds verticals, namely autos, real estate and careers. The market opportunity for Avito remains immense and it has a long runway of growth ahead of it. Add to this a business model where long-term sustainable EBITDA margins of 60-70% are achievable, and it becomes clear why we would want to be shareholders in this business.

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 post 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 from our offshore equity positions and we did add opportunistically to domestic stocks – thereby marginally increasing our domestic equity exposure.

We continue to maintain reasonable exposure to resources based on our assessment of their long-term value. Our preference for Anglo American (+10%) over BHP Billiton (-3%) – based on 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 Ramaphosa's first actions was to replace the mining minister. 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 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 managers
Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
as at 31 March 2018

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

The 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. 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 a composite of 87.5% FTSE/JSE Capped All Share Index (CAPI) and 12.5% MSCI All Country World Index. The composite replaced the FTSE/JSE SWIX Index from 1 October 2016. The fund benchmark shown in this MDD is therefore a splice of the current and historical benchmarks. 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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