

CORONATION MARKET PLUS FUND

Fund Information as at 31 May 2018

WHAT IS THE FUND'S OBJECTIVE?

Market Plus aims to maximise long-term investment growth, at lower levels of risk than a fund that is only invested in shares.

WHAT DOES THE FUND INVEST IN?

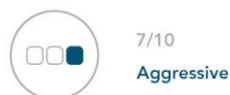
Market Plus can invest in a wide range of assets such as shares, bonds, listed property and cash, both in South Africa and internationally.

It will typically have a strong bias towards shares, which offer the highest expected long-term returns. But unlike an equity fund, it does not have to remain fully invested in shares when we believe the stock market is too expensive.

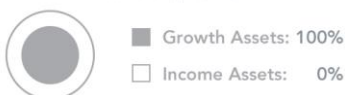
Foreign investments (excluding Africa) may represent up to 35% of its assets. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



Maximum growth/ minimum income exposures



Market Plus represents Coronation's view on the best combination of different assets that could maximise long-term returns at a reasonable level of risk.

The fund is primarily invested in shares, and will actively seek out only those investments we believe are attractively valued and may offer superior long-term growth.

Market Plus will typically have more exposure to shares than a traditional balanced fund. Shares can be volatile investments and there is a risk of capital loss, especially over the short term. However, the fund is managed with a strong emphasis on instrument valuation and it is therefore unlikely to lose money over the longer term. It may still produce negative returns in extreme years, but at a lower level than a pure equity fund.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term for this fund is five years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Long-term investors who are building wealth and

- can stay invested for at least five years (preferably longer);
- seek to preserve the purchasing power of their savings over the long term by investing in a diversified portfolio;
- are not dependent on an income from their investment;
- who do not need to accept the investment constraints applicable to retirement savers.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.75% and a maximum of 2.40% is payable, depending on the fund's performance.

If the fund's return (after fees and costs) is equal to that of its benchmark plus 2%, an annual fee of 1.25% will be charged. We share in 20% of performance above the benchmark plus 2%, up to a maximum annual total fee of 2.40%. Performance is measured over a rolling 24-month period.

When the fund underperforms the benchmark over any 60-month period, the fee is reduced by 0.50%.

TFI Class A - An annual fee of 1.60% is payable. This class is only available for Tax Free Investments.

All fees exclude VAT. 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.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?



NEVILLE CHESTER
BCom, CA (SA), CFA



PALLAVI AMBEKAR
CA (SA), CFA



NICHOLAS STEIN
CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	2 July 2001
Fund Class	A
Benchmark	Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international
Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORMKPL
ISIN Code	ZAE000031506
JSE Code	CMPF

CORONATION MARKET PLUS FUND

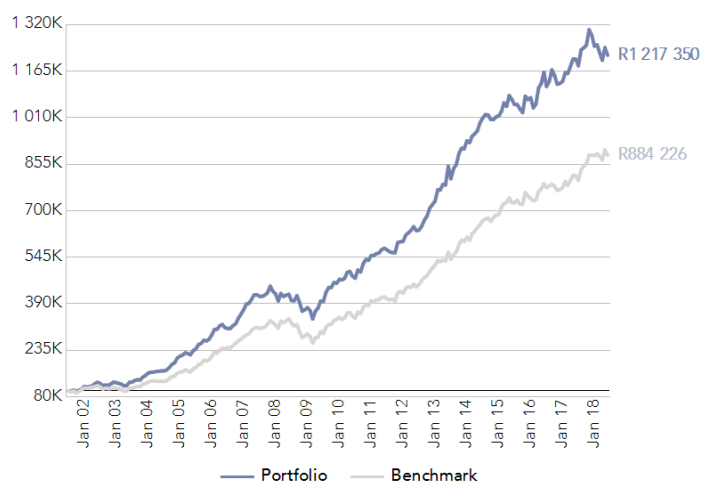
CLASS A as at 31 May 2018

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 4.79 billion
NAV	7909.85 cents
Benchmark/Performance	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Fee Hurdle	
Portfolio manager/s	Neville Chester, Pallavi Ambekar and Nicholas Stein

	CLASS A		CLASS TFI A	
	1 Year	3 Year	1 Year	3 Year
Total Expense Ratio	1.65%	1.62%	1.84%	1.80%
Fund Management Fee	1.24%	1.24%	1.42%	1.41%
Fund expenses	0.23%	0.20%	0.23%	0.19%
VAT	0.17%	0.17%	0.20%	0.20%
Transaction costs (inc. VAT)	0.14%	0.14%	0.14%	0.14%
Total Investment Charge	1.79%	1.76%	1.98%	1.94%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2018
Domestic Assets	68.3%
Equities	43.7%
Basic Materials	7.5%
Industrials	0.8%
Consumer Goods	5.8%
Health Care	2.3%
Consumer Services	6.9%
Telecommunications	3.1%
Financials	9.9%
Technology	0.6%
Derivatives	6.7%
Preference Shares & Other Securities	3.3%
Real Estate	12.6%
Bonds	9.2%
Commodities	1.0%
Cash	(4.3)%
Other (Currency Futures)	2.8%
International Assets	31.7%
Equities	19.8%
Real Estate	1.1%
Bonds	8.8%
Cash	2.0%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1117.4%	784.2%	333.1%
Since Launch (annualised)	15.9%	13.8%	2.2%
Latest 15 years (annualised)	16.2%	15.0%	1.2%
Latest 10 years (annualised)	11.2%	10.1%	1.1%
Latest 5 years (annualised)	7.5%	9.5%	(2.0)%
Latest 3 years (annualised)	4.4%	6.8%	(2.4)%
Latest 1 year	1.0%	8.4%	(7.3)%
Year to date	(2.4)%	0.1%	(2.5)%

TOP 10 HOLDINGS

As at 31 Mar 2018	% of Fund
Coronation Global Opportunities Equity Fund	13.7%
Coronation Global Emerging Markets Fund	5.9%
INTU Properties	4.0%
Naspers Ltd	3.8%
British American Tobacco Plc	3.4%
MTN Group Ltd	3.3%
Old Mutual Life Assurance SA	2.7%
Standard Bank Group Ltd	2.5%
Anglo American Plc	2.2%
Coronation African Frontiers Fund	2.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	10.5%	10.0%
Sharpe Ratio	0.74	0.56
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	66.5%	67.0%

	Fund	Date Range
Highest annual return	50.0%	Aug 2004 - Jul 2005
Lowest annual return	(20.1)%	Mar 2008 - Feb 2009

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2018	03 Apr 2018	127.63	38.32	89.31
29 Sep 2017	02 Oct 2017	128.57	46.49	82.08
31 Mar 2017	03 Apr 2017	106.51	29.12	77.39
30 Sep 2016	03 Oct 2016	118.47	41.35	77.12

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.4%	(2.1)%	(2.1)%	3.5%	(2.1)%								(2.4)%
Fund 2017	2.5%	(0.2)%	2.0%	2.1%	0.0%	(1.8)%	4.5%	0.6%	0.7%	4.1%	(1.3)%	(2.9)%	10.4%
Fund 2016	(3.1)%	1.1%	5.2%	1.3%	3.4%	(4.1)%	1.5%	3.4%	(1.6)%	(2.6)%	0.2%	0.6%	5.0%

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

The fund had a tough quarter as markets around the world sold off and the rand continued to strengthen, impacting negatively on the performance of our offshore holdings. The fund delivered a return of -3.7% for the quarter. The JSE All Share fell 6% for the quarter, and in dollar terms, global markets fell by 1%, with the Dow Jones index down 2% and the FTSE 100 down 3.8%. These moves were further exacerbated by a 4.7% strengthening of the rand over the quarter.

A lot of the nervousness globally is being driven by concerns surrounding the potential for either a trade war (between the US and China) and the prospects of a real war (between the US and North Korea or Iran). The key factor in all these fears is the US and its ever controversial president. Mr Trump has managed to replace virtually his entire cabinet over conflicting views as to what his policies should be. The new, more conservative and more hawkish ministers are clearly more aligned with the president, and the world is starting to price this higher risk into markets. Added to this, we have seen interest rates move sharply higher this quarter in the US as the Federal Reserve has signalled that it will keep to its path of tightening monetary conditions in light of the strength of the underlying economy and presence of inflation for the first time in many years.

While the fund has various puts in place to protect some of its global equity exposure, this has not been enough to prevent the fund from suffering from some of the recent declines in equity markets. Given our concerns in general over the levels of US interest rates, we have avoided any impact from the US Treasury sell-off thus far.

The local equity position has impacted the performance negatively, even though we had reduced our overall risk exposure meaningfully here as well. Our portfolio still has a bias towards companies which have growth profiles outside of South Africa. The strengthening of the rand has impacted these negatively in the quarter. In addition, certain of our larger holdings have performed poorly this quarter, despite showing decent underlying results. Naspers, the largest holding in the fund, declined by 16% this quarter, despite pleasing results from Tencent, its main investment, as well as signs of improved profitability from its other operating assets. British American Tobacco, our second largest holding, also performed poorly, declining by a similar 16% despite delivering strong earnings for the 2017 financial year and indicating that the tax changes in the US should make its recent purchase of Reynolds Tobacco even more earnings accretive. Finally, our holding in MTN, which also delivered results showing a significant improvement in performance, also declined by around 9% after factoring in the dividend received this quarter. While high oil prices should be positive for a lot of the regions in which MTN operates, the risks around Iran being targeted by the US has impacted on sentiment towards the group.

Offsetting some of these moves has been our holdings in SA banks and insurers, all of which continued to perform very well this quarter, mainly on the back of improved sentiment, although they did also deliver decent results across the board.

While the 'Ramaphoria' has continued to push local shares to recent all-time highs, we remain circumspect over getting caught up in this euphoric rally. Conditions on the ground remain very tough and channel checks that we perform regularly show that trading has not improved significantly from last year. The recent austere Budget with its VAT increase will only contribute to conditions remaining tougher for longer. While there was some respite with the recently announced rate cut, this was too small to make a meaningful difference and importantly, the South African Reserve Bank's tone remains hawkish around providing much more monetary accommodation. With many domestic retailers on record-high ratings, we are avoiding stocks in this sector.

We continue to find value in the financial sector, where multiples and dividend yields remain attractive, as well as in specific defensive domestic stocks. We have been adding recently to FMCG retailers and manufacturers, which have been left behind in the recent rally. Another stock which has done well for the fund is our holding in Netcare. The stock was the lowest rated of the SA hospital groups, with little attention being paid to the turnaround in its South African operation, overshadowed by ongoing problems in the UK. They have recently announced a strategy to dispose of its UK operation which is ring-fenced from SA, and the market has rerated the stock strongly on the back of improved visibility of earnings.

Much the same as our view on expensive domestic equity, we have avoided buying SA government bonds at these levels, finding little value given the very tough fiscal situation that remains in place. This has been offset by our overweight position in property. While we have not had any exposure to the Resilient group of properties, the sector performance has been weighed down by the general sell-off, meaning we have not seen the rerating we would have expected in the property sector given the moves in interest rates. We expect that this will come through over time and as the companies deliver respectable distribution growth. The UK-domiciled property stocks that we own have had mixed performance, with Intu remaining weak, despite showing an improved operating result, and Hammerson performing very strongly on the back of a takeover offer from a European suitor.

We are disappointed with the fund's performance over shorter time periods, as we do not believe it reflects the fundamentals of the portfolio. We have not made major changes to the structure of the portfolio as we remain convinced that the asset allocation, and individual stock selection is appropriate for the fund. Over the medium to long term, these fundamentals will assert themselves, either through a market re-rating or simply through the delivery of strong earnings and distribution growth.

Portfolio managers
Neville Chester and Pallavi Ambekar
 as at 31 March 2018

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

The Market 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 35% (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 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 TFI Class TER and Transaction Costs cannot be determined accurately because of the short life span of the class. Calculations are based on actual data where possible and best estimates where actual data is not available.

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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