CORONATION EQUITY FUND

Fund Information as at 30 April 2019

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 30 April 2019

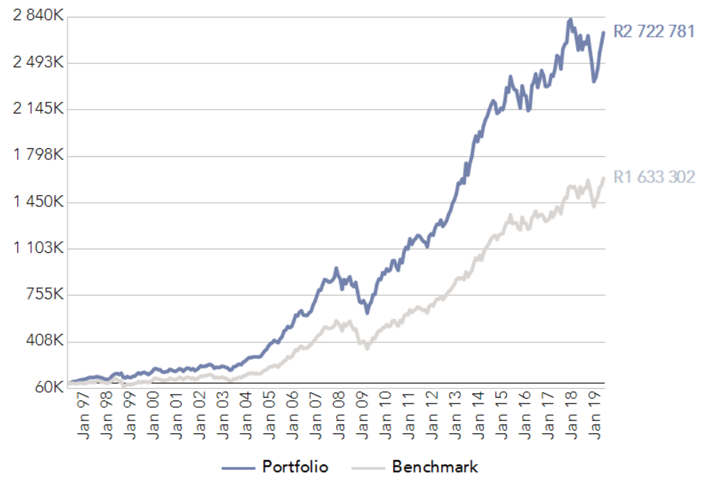
CORONATION
TRUST IS EARNED™

Fund category	South African - Equity - General
Launch date	15 April 1996
Fund size	R 7.31 billion
NAV	16861.69 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	1.12%	1.06%
Fee for performance in line with benchmark	1.10%	1.10%
Adjusted for out/(under)-performance	(0.15)%	(0.20)%
Fund expenses	0.03%	0.03%
VAT	0.14%	0.13%
Transaction costs (inc. VAT)	0.22%	0.20%
Total Investment Charge	1.34%	1.26%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Peer Group Average
Since Launch (unannualised)	2622.8%	1533.3%	1287.6%
Since Launch (annualised)	15.4%	12.9%	12.0%
Latest 20 years (annualised)	14.7%	14.4%	13.8%
Latest 15 years (annualised)	15.9%	16.2%	14.1%
Latest 10 years (annualised)	14.5%	15.0%	11.9%
Latest 5 years (annualised)	5.4%	7.8%	4.7%
Latest 3 years (annualised)	5.0%	6.4%	3.6%
Latest 1 year	0.8%	4.1%	1.5%
Year to date	14.0%	11.3%	10.0%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.1%	17.3%
Sharpe Ratio	0.38	0.19
Maximum Gain	47.6%	43.5%
Maximum Drawdown	(35.1)%	(41.0)%
Positive Months	62.3%	63.0%

	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	30 Apr 2019
Domestic Assets	**75.3%**
Equities	71.8%
Basic Materials	17.7%
Industrials	0.8%
Consumer Goods	11.6%
Health Care	3.9%
Consumer Services	17.8%
Telecommunications	4.0%
Financials	13.6%
Technology	0.7%
Derivatives	1.8%
Preference Shares & Other Securities	0.0%
Real Estate	2.8%
Commodities	0.9%
Cash	(0.2)%
International Assets	**24.7%**
Equities	23.5%
Real Estate	1.2%
Cash	0.0%

TOP 10 HOLDINGS

As at 31 Mar 2019	% of Fund
British American Tobacco Plc	7.3%
Naspers Ltd	7.3%
Anglo American Plc	6.6%
MTN Group Ltd	4.2%
Northam Platinum Ltd	4.1%
Nedbank Group Ltd	3.0%
RMB Holdings	2.7%
Standard Bank Group Ltd	2.5%
Quilter plc	2.5%
Heineken Holdings NV	2.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2019	01 Apr 2019	146.53	137.80	8.73
28 Sep 2018	01 Oct 2018	265.41	249.82	15.59
29 Mar 2018	03 Apr 2018	103.09	89.87	13.22
29 Sep 2017	02 Oct 2017	118.01	114.87	3.14

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	2.9%	4.7%	2.8%	3.1%									14.0%
Fund 2018	0.9%	(2.6)%	(3.4)%	4.2%	(4.0)%	2.2%	(0.5)%	2.4%	(3.9)%	(4.0)%	(5.3)%	1.3%	(12.6)%
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%

Issue date: 2019/05/10

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 good quarter, returning 10.7%. Over longer periods, the fund has performed well against both its peer group and the quantitative benchmarks.

Our large weighting in global equities has added to fund performance over the quarter and year, respectively. One of the fund's largest international holdings, Airbus, has delivered very strong returns for the portfolio over the past quarter (+36% in rands). This was primarily due to the very strong 2018 full-year results reported in mid-February. Fourth-quarter adjusted earnings before interest and taxes (EBIT) came in 26% ahead of consensus and 2019 full-year guidance of €6.7 billion in adjusted EBIT and €4 billion in free cash flow was well ahead of market expectations. Furthermore, management decided to terminate the highly symbolic but profit-dilutive A380 programme due to a dearth of order activity, signalling that they are increasingly willing to make rational financial decisions even when they are politically unpopular. The once-off shuttering costs for the production line were also well contained. The profitability of the A320neo and A350 continued to improve at a rapid pace and the former programme's teething issues (performance and deliveries of engines) are gradually being resolved. To add fuel to the positive sentiment shift towards the stock, Airbus did not disclose any new inquiries from regulators on past governance transgressions, essentially denying the rumour that the US Department of Justice had opened its own separate corruption probe. This allayed market fears of higher-than-expected future fines. Finally, the recent tragic incidents relating to Boeing's 737 Max aircraft and its subsequent global grounding likely supported the Airbus share price. However, it is our view that Airbus's direct short- and medium-term benefits will likely be limited to somewhat firmer pricing, as the A320neo family's backlog is already full and leaves little flexibility for adding new customers in the coming few years.

Overall, the JSE had a good quarter, with the JSE Capped Shareholder Weighted All Share Index appreciating 3.9%. Resources had another very strong quarter and was up 17.9% - bringing the sector's rolling 12-month total return to a whopping 41.6%. Platinum stocks, in particular, had a very strong quarter on the back of a rising platinum group metal (PGM) basket price.

During the quarter, all mining companies reported their annual or interim results for the period to end-December 2018. These results were characterised by a strong performance from the bulk metals (iron ore, coking coal, thermal coal and manganese). The theme of strong cash flow, deleveraging and capital returns to shareholders continues. Shares reacted positively to results and a strong commodity price environment, driven by tight supply-demand balances and an abatement of US-China trade war fears. Our large exposure to Anglo American (+22%) contributed to performance.

After a long and frustrating wait, PGM shares have finally begun to rally strongly, with our holdings in Northam (+47%), Anglo American Platinum (+38%), Impala Platinum (+66%) and our position in the Palladium ETF (+12% in US dollars) all contributing meaningfully to returns for the quarter. We feel that this is a vindication of our disciplined, long-term approach to investing, where we aim to assess information objectively and dispassionately avoid being swayed by the news and sentiment of the day. Subsequent to 'Dieselgate', negative headlines called for the death of the internal combustion engine and platinum demand along with it. PGM prices dropped below marginal costs of production. At the same time, electric vehicle commodities such as lithium and cobalt were rallying strongly (up three times). Tesla's share price rose seven-fold in the last seven years, and its market capitalisation is comparable to traditional automakers such as General Motors (GM) and Ford, despite the fact that the company has struggled to turn a profit and produces only 3% of the vehicles that GM produces. While we are long-term believers in battery electric vehicles, we expect the process to be evolutionary rather than revolutionary. In the medium term, we also expect PGM demand to surprise positively as a consequence of tightening emissions standards globally. In addition, material underinvestment in mine supply over the last decade means it will take many years before a sufficient supply can respond to current market deficits. We therefore expect structural PGM market deficits to persist for at least the next decade.

After a challenging 2018, it was also particularly encouraging to see that a number of the fund's other high-conviction ideas contributed meaningfully to returns during the quarter. These included Naspers, British American Tobacco and Quilter.

Naspers (+19%) benefited from a strong recovery in the Tencent share price as sentiment towards China shifted positively on the back of a reduction in trade war fears and a resumption in the licensing approval process of online games by the Chinese authorities. Naspers also surprised the market in March by announcing the offshore listing and part unbundling of its offshore internet portfolio (i.e. Tencent, Mail.ru, OLX, Food Delivery, et al.) in an effort to reduce the discount at which it trades relative to its underlying intrinsic value. While this is certainly no 'silver bullet' that will immediately remove the entire discount, we nevertheless view it as a marginally positive step in the evolution of the group into a global consumer internet powerhouse and will allow it access to a wider investor base.

The British American Tobacco share price (+27%) recovered strongly during the quarter on the back of reporting good results which allayed market fears around US volume declines, its debt levels and the outlook for its next-generation products. It also appears that investor fears towards the regulatory headwinds faced by the US business are abating and sentiment is finally starting to turn positive on the stock. Even after this short-term price rally, British American Tobacco is still trading on only 9.5 times one-year forward earnings and a 7% dividend yield. We still believe this to be very attractive for a stock of this quality and it remains the second biggest position in the fund.

Quilter (+28%) performed very well over the period. Its maiden full-year results materially exceeded market expectations. Quilter provided medium term guidance on their profit before tax margin aspirations. At 34%, this too exceeded expectations. The long-term outlook for integrated wealth managers with advice forces at scale remains very attractive. This positive outlook is driven by a decline in advisers following the UK's adoption of the Retail Distribution Review; 'pension freedom' boosting demand for advice and opening up the post-retirement market to wealth managers; and a shift away from defined benefit funds to defined contribution funds.

Stocks exposed to the domestic economy came under significant pressure during the quarter as the realities of operating in a 'no-growth' economic environment filtered through into corporate earnings. The quarter kicked off with a string of profit warnings from the domestic retailers, and the likes of Mr Price (-23%), Massmart (-22%), Truworths (-18.5%) and Dischem (-16%) all ended the period materially lower. Fortunately, the fund had no exposure to any of these stocks. Eskom remained in the headlines as it hit Stage 4 load shedding in the middle of March. Years of mismanagement, corruption and underinvestment are finally coming home to roost. Although, for now we appear to have received a temporary reprieve from the worst of load shedding, it has become clear that we are only starting to understand the true extent of the power utility's problems and that its numerous issues could indeed take years to rectify. Unfortunately, if persistent load shedding becomes the norm over the next few years, the impact on consumer sentiment, business confidence and GDP growth will be devastating. We therefore continue to remain cautious on stocks that are heavily exposed to the domestic economy and our preferred exposures are through high-quality domestic defensive businesses that should weather the challenging environment better than their weaker, economically sensitive peers.

Notwithstanding the uncertainties that abound, our objective remains to build diversified portfolios that can absorb unanticipated shocks. We are happy with the current portfolio positioning and are excited about future return prospects. We will remain focused on valuation and will 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 2019

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. 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 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 2015. 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. The peer group average is calculated as the average return of all the funds in the respective ASISA category (excluding Coronation Funds in that category).

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 2018 (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.