

# CORONATION MARKET PLUS FUND

Fund Information as at 30 April 2019

## 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?

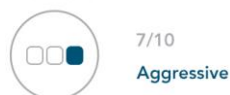
Market Plus can invest in a wide range of assets such as shares, bonds, listed property and cash, both in South Africa and internationally.

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.

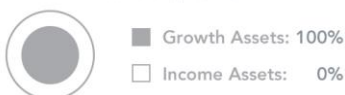
Foreign investments (excluding Africa) may represent up to 40% of its assets. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

## 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, 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 1.25% is payable as of 01 February 2019. 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](http://www.coronation.com).

## WHO ARE THE FUND MANAGERS?



**NEVILLE CHESTER**  
BCom, 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

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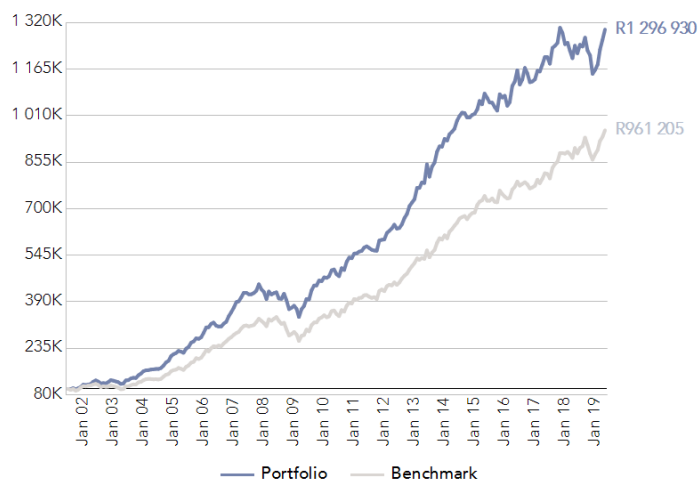
CLASS A as at 30 April 2019

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 4.53 billion
NAV	8083.36 cents
Benchmark/Performance	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Fee Hurdle	
Portfolio manager/s	Neville Chester and Nicholas Stein

	CLASS A		CLASS TFI A	
	1 Year	3 Year	1 Year	3 Year
Total Expense Ratio	1.17%	1.42%	1.76%	1.77%
Fund Management Fee	1.25%	1.25%	1.39%	1.40%
Adjusted for out/(under)-performance	(0.38)%	(0.17)%	0.00%	0.00%
Fund expenses	0.18%	0.19%	0.18%	0.18%
VAT	0.12%	0.15%	0.20%	0.20%
Transaction costs (inc. VAT)	0.16%	0.15%	0.16%	0.15%
Total Investment Charge	1.33%	1.57%	1.92%	1.92%

## 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)	1196.9%	861.2%	335.7%
Since Launch (annualised)	15.5%	13.5%	1.9%
Latest 15 years (annualised)	14.7%	14.2%	0.6%
Latest 10 years (annualised)	13.2%	13.2%	0.0%
Latest 5 years (annualised)	6.1%	8.4%	(2.3)%
Latest 3 years (annualised)	4.9%	7.6%	(2.7)%
Latest 1 year	4.3%	6.5%	(2.2)%
Year to date	11.6%	9.1%	2.5%

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	10.5%	9.9%
Sharpe Ratio	0.70	0.55
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	66.4%	67.3%

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

### MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	1.5%	4.2%	2.7%	2.7%									11.6%
Fund 2018	0.4%	(2.1)%	(2.1)%	3.5%	(2.1)%	2.4%	(0.5)%	2.4%	(3.4)%	(1.3)%	(5.1)%	1.2%	(6.9)%
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%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Apr 2019
<b>Domestic Assets</b>	<b>67.2%</b>
Equities	46.4%
Basic Materials	10.3%
Industrials	1.0%
Consumer Goods	7.7%
Health Care	1.9%
Consumer Services	9.3%
Telecommunications	3.5%
Financials	9.6%
Technology	0.6%
Derivatives	2.5%
Preference Shares & Other Securities	2.8%
Real Estate	7.4%
Bonds	9.3%
Commodities	1.9%
Cash	(7.3)%
Other (Currency Futures)	6.8%
<b>International Assets</b>	<b>32.8%</b>
Equities	22.9%
Real Estate	1.3%
Bonds	7.4%
Cash	1.1%

### TOP 10 HOLDINGS

As at 31 Mar 2019	% of Fund
Naspers Ltd	5.1%
Anglo American Plc	4.3%
British American Tobacco Plc	4.1%
MTN Group Ltd	3.2%
INTU Properties	2.7%
Egerton Capital Equity Fund	2.7%
Standard Bank Group Ltd	2.6%
Contrarius Global Absolute Fund	2.3%
Maverick Capital	2.0%
Lansdowne Capital	1.8%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2019	01 Apr 2019	152.46	59.00	93.47
28 Sep 2018	01 Oct 2018	177.41	84.31	93.10
29 Mar 2018	03 Apr 2018	127.63	38.32	89.31
29 Sep 2017	02 Oct 2017	128.57	46.49	82.08

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

After a torrid 2018, in which global and local capital markets collapsed, we saw a complete reversal in the first quarter of 2019 (Q1-19), with very strong returns from all capital markets. The fund had a pleasing quarter, delivering a return of 8.7%, which was well ahead of the quantitative benchmark. The fund had been well positioned for this bounce back in equity markets, having added significantly to equities in the late 2018 sell-off.

Global equity markets, for no discernible reason, rallied very strongly through Q1-19, recovering most of the fall in the last quarter of 2018 (which was also for no discernible reason). Global markets (as measured by the MSCI World Index) delivered 12.5% in US dollars, but our global equity and global emerging markets funds delivered returns well ahead of benchmark, adding significant alpha in the quarter. The volatility in markets has been unsettling, but once again makes a strong argument for taking a measured long-term approach to investing. We have retained our overweight position in emerging markets. As the US has surprisingly changed its view on the direction of future rate hikes to a more dovish stance, this should continue to bode well for emerging market equity performance and currencies. While the start to the year has been strong, these markets remain very cheap with good underlying growth prospects.

South African equity markets also delivered a pleasing recovery in Q1-19, though not to the same extent as global markets. The impacts of Eskom's rolling blackouts and a poor consumer environment have continued to weigh on local businesses, resulting in a swathe of profit warnings in the quarter, reducing some of the potential market returns. Fortunately, we have avoided owning the majority of those companies that are struggling, and our portfolios, which are overweight resources companies and global businesses, performed well ahead of the market.

While valuations for local businesses have come down significantly over the past few years as growth has severely disappointed, we are cautious about adding too much exposure here. The growth outlook remains anaemic and the prospects of a pick-up in consumer spending is poor given a lack of job creation, renewed fiscal discipline at Government level, and above-inflationary increases in administered prices and fuel.

We have not made significant changes to our fixed-income positioning. While the fund's increased position in local government bonds has remained unchanged this quarter, our overall bond exposure did decline as we sold out of our Impala Platinum convertible debt position. As the price of the platinum group metals basket has soared this year, Impala's share price also increased, resulting in the convertible bond becoming equity-like in nature, and we sold out at a significant profit. Our domestic property exposure has declined at the margin as we have reduced some of our positions. While yields are still attractive, the environment for property remains challenged, especially in light of the Edcon restructure announcement this quarter, which saw landlords having to forego half their rent for two years. We have focused on improving the overall quality of the property portfolio and have added some Liberty Two Degrees, which operates the pre-eminent shopping centre in South Africa, has very little debt and no offshore property exposure.

On the international front, we have continued to avoid the fixed-income space, given no prospect of real returns, but kept up a reasonable exposure to European property that trades on attractive yields relative to bonds.

All in, the fund has made a pleasing recovery this quarter and is well positioned and exposed to a great portfolio of assets that will drive future returns in line with its mandate of delivering real capital growth over the medium- to long term.

**Portfolio managers**  
**Neville Chester and Nicholas Stein**  
as at 31 March 2019

#### 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 and top 10 holdings are 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](http://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 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 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](http://www.coronation.com)

#### IMPORTANT INFORMATION REGARDING TERMS OF USE

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