

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in a select group of resource companies. It seeks to outperform an index of resource companies listed on the Johannesburg Stock Exchange (the JSE Resources Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in a broad range of resource and basic materials industry shares that are affected by changes in the commodity cycle. This includes companies involved in mining, minerals, energy, natural resources and other commodities. 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

The fund's managers actively seek out attractively valued companies that could offer strong long-term growth. The fund reflects Coronation's best investment views in the resource sector.

Shares are selected following rigorous research into the long-term potential of a company. Shares can be volatile investments, and the cyclical demand for commodities can add to the risk of capital loss.

The fund is concentrated and only invests in one sector of the market, making it riskier than a general equity fund.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of five years or more is therefore ideal.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth and

- want to diversify their investments to include specific exposure to the resource sector;
- believe that resource shares offer compelling value;
- accept the cyclical nature of commodity demand and the resulting increased risk of short-term losses;
- want to hold the Resources Fund as one of multiple funds in their investment portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.00% (excl. VAT) is payable.

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 portfolio costs.

We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO IS THE FUND MANAGER?



NICHOLAS STEIN
CA (SA), CFA



NICHOLAS HOPS
BbusSc, CFA

GENERAL FUND INFORMATION

Launch Date	1 October 1999
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Resources Index
Fund Category	South African – Equity – Resources
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORVALU
ISIN Code	ZAE000022877
JSE Code	CCGF

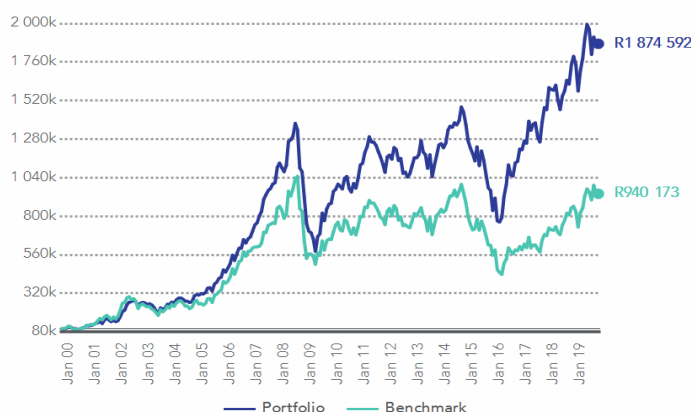
CLASS P as at 31 August 2019

Fund category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R604.04 million
NAV	12477.14 cents
Benchmark/Performance	FTSE/JSE Africa Resources Index (TR)†
Fee Hurdle	
Portfolio manager/s	Nicholas Stein and Nicholas Hops

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.23%	1.24%
Fund expenses	0.99%	0.99%
VAT	0.10%	0.10%
Transaction costs (inc. VAT)	0.14%	0.14%
Total Investment Charge	0.38%	0.35%
	1.61%	1.59%

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)	1774.6%	840.2%	934.4%
Since Launch (annualised)	15.9%	11.9%	3.9%
Latest 15 years (annualised)	12.9%	8.8%	4.1%
Latest 10 years (annualised)	7.9%	3.6%	4.3%
Latest 5 years (annualised)	5.3%	(0.1)%	5.4%
Latest 3 years (annualised)	18.0%	17.1%	0.9%
Latest 1 year	7.5%	10.1%	(2.6)%
Year to date	9.8%	14.2%	(4.4)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	22.5%	25.9%
Sharpe Ratio	0.33	0.14
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	58.2%	55.2%

	Fund	Date Range
Highest annual return	100.5%	Apr 2001 - Mar 2002
Lowest annual return	(54.2)%	Mar 2008 - Feb 2009

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	4.4%	6.9%	4.8%	(1.6)%	(7.9)%	6.1%	(3.2)%	1.0%					9.8%
Fund 2018	2.0%	(5.6)%	(4.0)%	5.7%	2.2%	4.2%	(1.5)%	7.4%	3.0%	(3.0)%	(9.4)%	8.1%	7.7%
Fund 2017	11.0%	(4.1)%	2.8%	0.6%	(6.4)%	(2.4)%	10.0%	6.4%	(0.9)%	9.4%	(0.7)%	(0.3)%	26.3%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2019
Domestic Assets	100.0%
■ Equities	97.9%
Basic Materials	96.5%
Industrials	1.4%
■ Preference Shares & Other Securities	1.2%
■ Cash	0.9%

TOP 10 HOLDINGS

As at 30 Jun 2019	% of Fund
Anglo American Plc	20.6%
Sasol Ltd	12.6%
Northam Platinum Ltd	10.6%
Mondi Limited	10.6%
Impala Platinum Holdings Ltd	9.7%
Glencore Xstrata Plc	7.8%
Exxaro Resources Ltd	7.0%
Bhp Billiton Plc	5.1%
Merafe Resources Ltd	4.3%
Pan African Resources Plc	3.9%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2019	01 Apr 2019	112.42	110.10	2.31
28 Sep 2018	01 Oct 2018	268.16	259.42	8.73
29 Mar 2018	03 Apr 2018	138.35	136.08	2.27
29 Sep 2017	02 Oct 2017	130.27	130.19	0.08

The second quarter of 2019 (Q2-19) saw returns from the resources sector stabilise after a particularly strong first quarter (Q1-19). The fund declined by 3.9% against a benchmark return of 2.4% during the quarter under review. However, its long-term track record remains compelling, as the fund has performed well against both its peer group and the benchmark over most meaningful periods.

During Q2-19, the fund benefited from overweight holdings in platinum group metal (PGM) shares, while its Omnia position and not owning gold equities detracted from performance. We reduced our Anglo American and BHP Billiton positions, while adding to Glencore and Merafe.

Iron ore continued its strong run unabated, up 37.3% in Q2-19, after having risen 16.3% in Q1-19. A combination of strong China-driven demand and weak supply (resulting from the Vale tailings dam disaster) has led to ideal conditions for the iron ore producers, with current prices well above both incentive prices and marginal cost. What to do with the iron ore windfall will no doubt be topical in the upcoming results season for those companies with exposure to the red metal. Excess returns to shareholders, either through share buybacks or dividends above minimum levels, are expected. Thermal coal continued its march downwards for the quarter, with a decline of 17%. Performance across the rest of the large commodities was mixed, with nickel and oil both down, PGMs up 0.7% and copper down 7.9%.

The Omnia share price is down 88% from its peak in 2014 to current levels of R30 per share, inclusive of a 64% decline year to date. This precipitous decline has resulted in Omnia being one of the top detractors from fund performance over both the short and the long term. Primarily exposed to the South African mining and agricultural sectors through their fertiliser and explosives businesses, Omnia's earnings have seen a material decline in recent years. As the largest player in the fertiliser space, Omnia has suffered alongside local farmers as poor growing conditions have led to lower plantings and downtrading from Omnia's premium product. We expect earnings from the fertiliser business to increase from today's base, due to a pickup in planting and efficiency benefits from their new production facility. In the mining business, real operating profit has declined by nearly 80% in the last five years as South African mining activity has been under pressure.

By nature, Omnia is a cyclical business and the combination of cyclical lows in their two key divisions could not have come at a worse time for the company. Having recently completed R2 billion worth of acquisitions, which have not performed as expected, the business was left with a large debt balance just as earnings declined materially. The result has been an announced R2 billion rights issue, compared to today's market capitalisation of R2.1 billion and the raising of a R6.8 billion bridge loan to tide the company over until equity is raised. We feel that the whole process has not been handled particularly well, which has exacerbated the operational issues and led to dramatic underperformance of the share. The rights issue announcement was light on detail and was followed by an information vacuum in the market, shareholders exiting en masse and short interest increasing materially. Going forward, we see good operational prospects for the business and believe that there is significant upside from today's levels. Omnia now represents a 1.9% position in the fund since we have added to the position during the quarter.

Portfolio management update

Nick Hops has been appointed as co-manager of the fund with effect from April this year. He joined Coronation in January 2014 and is responsible for researching BHP Billiton, African Rainbow Minerals, Assore, the South African-listed gold stocks and the PGM sector within the resources space.

Portfolio managers

Nicholas Stein and Nicholas Hops

as at 30 June 2019

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

The Resources 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. The fund is mandated to invest up to 25% (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; 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 P 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 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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