

## 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

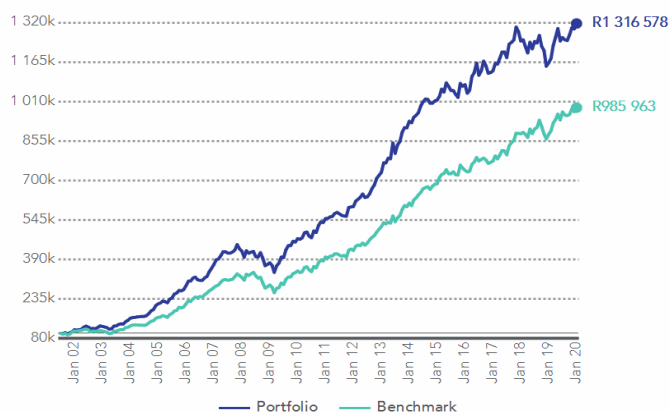
CLASS A as at 31 December 2019

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 4.26 billion
NAV	8047.41 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	1.03%	1.27%	1.67%	1.74%
Fund Management Fee	1.25%	1.25%	1.30%	1.37%
Adjusted for out/(under)-performance	(0.50)%	(0.30)%	0.00%	0.00%
Fund expenses	0.18%	0.18%	0.18%	0.18%
VAT	0.11%	0.14%	0.19%	0.20%
Transaction costs (inc. VAT)	0.15%	0.15%	0.15%	0.15%
Total Investment Charge	1.18%	1.42%	1.82%	1.89%

## 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)	1216.6%	886.0%	330.6%
Since Launch (annualised)	15.0%	13.2%	1.8%
Latest 15 years (annualised)	12.8%	12.8%	0.0%
Latest 10 years (annualised)	10.8%	11.1%	(0.3)%
Latest 5 years (annualised)	5.3%	7.5%	(2.2)%
Latest 3 years (annualised)	5.2%	8.3%	(3.1)%
Latest 1 year	13.3%	11.9%	1.4%
Year to date	13.3%	11.9%	1.4%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	10.4%	9.9%
Sharpe Ratio	0.66	0.52
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	65.8%	66.7%

	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%	(3.8)%	1.1%	(0.7)%	(0.2)%	1.8%	2.3%	(0.4)%	1.6%	13.3%
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	31 Dec 2019
<b>Domestic Assets</b>	<b>70.7%</b>
■ Equities	46.0%
Basic Materials	11.3%
Industrials	1.6%
Consumer Goods	6.7%
Health Care	2.8%
Consumer Services	10.1%
Telecommunications	2.0%
Financials	9.9%
Technology	3.3%
Derivatives	(1.7)%
Other	0.0%
■ Preference Shares & Other Securities	0.1%
■ Real Estate	5.7%
■ Bonds	15.4%
■ Commodities	2.0%
■ Cash	(0.5)%
■ Other (Currency Futures)	2.1%
<b>International Assets</b>	<b>29.3%</b>
■ Equities	22.7%
■ Real Estate	0.7%
■ Bonds	4.0%
■ Cash	1.8%

## TOP 10 HOLDINGS

As at 31 Dec 2019	% of Fund
Naspers Ltd	5.5%
British American Tobacco Plc	5.0%
Anglo American Plc	4.6%
Standard Bank Group Ltd	3.6%
Egerton Capital Equity Fund	2.9%
Nedbank Group Ltd	2.7%
Northam Platinum Ltd	2.6%
Prosus	2.5%
Contrarius Global Absolute Fund	2.2%
Maverick Capital	2.1%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	153.97	65.70	88.27
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

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

The fund had a good final quarter of the year, delivering a return of 3.5%, and taking the full year return to 13.3%. It is pleasing to see double digit returns from a multi-asset fund and that performance was well ahead of the benchmark for the year as well as well ahead of inflation meaning solid real returns for investors. The final quarter was boosted by strong support for risk assets globally as sentiment improved on the expectation of the relaxation of the trade war between the US and China.

The fund's equity exposure was the big driver of performance, with the strongest return coming from our exposure to global emerging markets, followed by the developed market equity exposure. The local South African equity market also delivered good returns, albeit less than the other equity allocations. What made these numbers especially good was the fact that there was significant alpha added over and above the pure market returns with emerging market and South African equity allocations having had a stand-out year in terms of performance ahead of their relevant benchmarks.

We have continued to trim the global equity exposure as developed markets, in particular the US stock market, have delivered very strong returns and look fairly fully priced. In contrast, we have maintained our emerging market exposure as we think the majority of these markets remain cheap and should benefit from an improved global trade environment as well as a potentially weaker dollar in the years ahead.

We have added to our South African equity exposure where we have consistently held an overweight position in global companies listed on the JSE and in specific resource shares. These shares have delivered the strong returns in 2019, whereas those companies focused mainly on the South African market have continued to have a torrid time. Big positions in the fund such as British American Tobacco (BAT), Naspers and Anglo American all had a very strong year, the first two in particular recovering from a very poor 2018 where stock specific issues had weighed on their performance. BAT delivered a total return of 36% for the year and Naspers 22%, both well ahead of the overall market. While Anglo American delivered a very commendable 29% return for the period, this was dwarfed by the phenomenal return from Northam Platinum of 186%. The strong returns were driven by the huge increase in the price of the platinum group metals, Platinum, Palladium and Rhodium, which finally reacted to the increasing deficits and continued strong demand from auto manufacturers.

Taking into account our direct offshore exposure as well as our high exposure to global companies in our South African equity holding, we still have fairly low exposure to pure domestic assets. With the continued sell off in South African focused equities as well as South African bonds, we are starting to add to these positions. In the equity component, we have been adding to our existing holdings in the banks, which we believe to be very cheap, as well as building up positions in high quality businesses such as the FMCG retailers.

On the bond holdings, we have moved quite quickly to build up a meaningful position in longer dated South African government bonds. The budget risks and likelihood of a sovereign downgrade are all well known, and in our view, fully priced into the bond market. South African bond spreads over equivalent US treasuries are well above other sub-investment grade issuers. With inflation remarkably sticky around 4%, the opportunity to pick up South

African bonds with real yields in excess of 5% is a very attractive investment, with relatively low risk. Given the lack of absolute return in the global bond space, we have virtually no bond exposure outside of South Africa.

Our property allocation remained static, as we prefer to take our yield exposure to the bond market. Having said that, we do see yields looking attractive now even in the blue chip property names and this is an area we will explore in the new year. Globally we hold positions mainly in European REITS where yields are significantly above sovereign bond yields offering attractive returns in hard currencies.

2020 has started with renewed global uncertainty after the US assassinated a significant member of the Iranian regime. Locally, we were greeted by an early bout of load shedding, raising further concerns about our economic growth and increasing the likelihood of further downgrades by the rating agencies, all indicating that 2020 is unlikely to be any less of a rollercoaster ride than the past few years. In this light we continue to manage the fund in a cautious manner, cognisant of the myriad of risks, but still looking to take advantage of the significant mis-pricing of assets in the local and global markets. The mix of different jurisdiction equity positions, combined with high yielding local bonds makes for a portfolio that should be able to ride out the tumultuous period ahead, delivering growth and yield to continue beating inflation.

#### Portfolio managers

**Neville Chester and Nicholas Stein**

as at 31 December 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 2019 (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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