

## WHAT IS THE FUND'S OBJECTIVE?

Top 20 aims to outperform the equity market over the long term.

## WHAT DOES THE FUND INVEST IN?

The fund's managers actively seek out attractively valued shares that could offer strong long-term growth.

The fund would typically hold shares in a maximum of 20 companies selected from all equities listed on the JSE. Its investments will therefore always be concentrated and limited to shares in large companies listed in South Africa.

While investments in foreign markets are specifically excluded, the fund can invest in foreign companies that are listed locally. 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 remain 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

Maximum growth/  
minimum income exposures

The fund can only invest in shares that are listed in South Africa. As a result, it cannot provide diversification into other asset classes or geographies. While the fund can invest in smaller companies, it is expected to always have an allocation biased towards larger companies.

Shares can be volatile investments and the risk of capital loss over the short term is high. However, given its focus on investing only in attractively valued shares that could offer long-term growth, the 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 in large companies listed in SA;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ are holding Top 20 as one of multiple equity funds in their investment portfolio.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.50% and a maximum of 3.00%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of its benchmark, a fee of 1.00% will be charged. We share in 20% of performance above the benchmark, up to a maximum total annual fee of 3.00%. 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 0.50%.

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

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 October 2000
Fund Class	A
Benchmark	FTSE/JSE Capped All Share Index (CAPI)
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	CORTP20
ISIN Code	ZAE000026431
JSE Code	CNTF

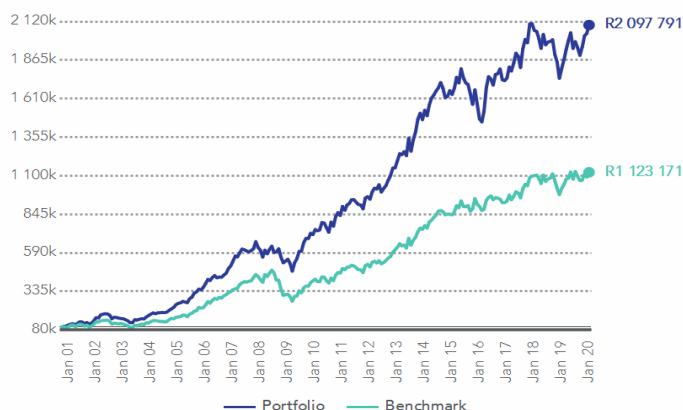
CLASS A as at 31 December 2019

<b>Fund category</b>	South African - Equity - General
<b>Launch date</b>	01 October 2000
<b>Fund size</b>	R19.80 billion
<b>NAV</b>	13833.75 cents
<b>Benchmark/Performance</b>	FTSE/JSE Capped All Share Index
<b>Fee Hurdle</b>	
<b>Portfolio manager/s</b>	Neville Chester and Nicholas Stein

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	0.58%	0.89%
Adjusted for out/(under)-performance	1.00%	1.00%
Fund expenses	(0.50)%	(0.23)%
VAT	0.01%	0.01%
Transaction costs (inc. VAT)	0.07%	0.11%
Total Investment Charge	0.23%	0.25%
	0.81%	1.14%

## 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)	1997.8%	1023.2%	974.6%
Since Launch (annualised)	17.1%	13.4%	3.7%
Latest 15 years (annualised)	15.1%	13.6%	1.5%
Latest 10 years (annualised)	10.9%	10.5%	0.5%
Latest 5 years (annualised)	5.1%	6.0%	(0.9)%
Latest 3 years (annualised)	6.3%	6.4%	(0.1)%
Latest 1 year	15.8%	10.5%	5.3%
Year to date	15.8%	10.5%	5.3%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.9%	17.0%
Sharpe Ratio	0.56	0.31
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	61.0%	59.3%

	Fund	Date Range
Highest annual return	68.9%	May 2005 - Apr 2006
Lowest annual return	(31.7)%	May 2002 - Apr 2003

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	3.2%	3.5%	3.1%	2.6%	(5.1)%	2.3%	(2.0)%	(2.6)%	2.8%	3.9%	0.8%	2.8%	15.8%
Fund 2018	(0.3)%	(2.1)%	(3.4)%	4.8%	(3.4)%	0.9%	0.2%	0.6%	(4.8)%	(2.8)%	(5.7)%	3.8%	(12.2)%
Fund 2017	4.2%	(1.5)%	3.0%	3.6%	(1.1)%	(3.9)%	6.8%	3.2%	(1.1)%	6.3%	0.1%	(2.1)%	18.1%
Fund 2016	(1.4)%	4.8%	10.3%	4.3%	(1.0)%	(2.3)%	4.2%	0.3%	1.8%	(4.0)%	(0.3)%	1.0%	18.3%
Fund 2015	2.7%	4.2%	(2.2)%	5.5%	(3.4)%	(1.8)%	(0.6)%	(3.7)%	(4.2)%	6.1%	(5.6)%	(6.2)%	(9.8)%
Fund 2014	(2.4)%	4.6%	3.0%	1.3%	1.6%	1.3%	2.1%	(2.2)%	(3.7)%	0.6%	2.3%	(1.6)%	6.8%
Fund 2013	3.9%	(0.6)%	1.6%	(2.1)%	9.4%	(6.4)%	6.1%	4.0%	6.0%	2.7%	(2.8)%	4.2%	27.9%
Fund 2012	5.3%	2.5%	(0.6)%	2.8%	(4.7)%	2.4%	2.0%	3.4%	2.7%	4.6%	0.1%	4.1%	26.9%
Fund 2011	(2.9)%	3.9%	1.3%	2.6%	0.1%	(1.8)%	(1.6)%	(0.4)%	(2.9)%	8.3%	0.8%	(1.8)%	5.2%
Fund 2010	(1.2)%	0.8%	6.7%	(0.4)%	(4.0)%	(4.0)%	9.4%	(3.5)%	8.3%	3.2%	(2.2)%	7.2%	20.6%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2019
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>99.1%</b>
Basic Materials	24.3%
Industrials	0.9%
Consumer Goods	13.9%
Health Care	8.4%
Consumer Services	19.3%
Telecommunications	4.4%
Financials	21.8%
Technology	6.0%
■ <b>Real Estate</b>	<b>0.9%</b>
■ <b>Cash</b>	<b>0.1%</b>

## TOP 10 HOLDINGS

As at 31 Dec 2019	% of Fund
Naspers Ltd	10.6%
British American Tobacco Plc	10.4%
Anglo American Plc	9.8%
Standard Bank Of SA Ltd	9.0%
Northam Platinum Ltd	8.1%
Nedbank Ltd	7.0%
Prosus Nv	6.0%
Mtn Group Ltd	4.4%
Aspen Phamacare Holdings Ltd	4.3%
Netcare Limited	4.1%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	248.39	247.74	0.65
29 Mar 2019	01 Apr 2019	193.09	192.30	0.78
28 Sep 2018	01 Oct 2018	363.05	353.41	9.64
29 Mar 2018	03 Apr 2018	146.83	146.31	0.52

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

In stark contrast to the last quarter of 2018, the final quarter of 2019 finished on a strong note, with general 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 delivered a return of 7.6% for the quarter, taking the full year return to 15.8%, which is pleasingly 5.3% ahead of its benchmark over this period. Since inception, the fund has delivered an annualised return of 17.1%, and annualised alpha of 3.7%, which, when compounded, results in the value of the fund being close to double an equivalent investment in the benchmark.

The relevance of the growth being driven by global factors is important in explaining the fund's strong outperformance of the benchmark in this period. We have consistently held an overweight position in global companies listed on the JSE and, in particular, resource shares. It is these shares that have delivered the strong returns in 2019, whereas those companies focused mainly on the South African (SA) 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.

The other global share in the portfolio which did well in this period was Quilter, the UK fund management business. It benefited from further restructuring and sales of non-core businesses within the group and, as the year came to a close, improved sentiment towards UK assets as the conservative party won a significant majority in the UK election.

In contrast to these big winners, the majority of the SA-focused companies we owned performed poorly. Despite a number of these companies being on very low ratings, this did not save them from the continued sell-off of everything exposed to SA. The banks, where we are exposed to Standard Bank and Nedbank, are now trading on multiples that we have not seen since 2002. On our numbers, the dividend yield on Nedbank is now greater than the earnings multiple. Concerns over the economy and the highly probable downgrade of our sovereign debt notwithstanding, we think these valuations are very compelling and we have continued to add to these holdings.

Similarly, the fast-moving consumer goods (FMCG) retailers we have owned continue to struggle to show any share price appreciation, despite delivering commendable results in a tough environment. This has allowed us to build meaningful positions in what are very high-quality cash-generative businesses at attractive valuations. Unlike discretionary retailers, the FMCG retailers are far less sensitive to the performance of the economy and should also benefit from the pickup we have seen in food inflation recently. In addition, in the case of a retailer such as Shoprite, stock-specific issues, which should not recur, will see earnings improve without much help from top line revenue growth.

The standout in the basket of South African stocks this year has been Distell, the manufacturer of a range of spirits, wines and ciders. Despite increased pressure from multinational competitors, it has defended and grown market share without having to resort to sacrificing margins, resulting in a pleasing growth in profitability. Looking to the year ahead, we should see further growth in profitability as its African operations return to more normal operating margins after a couple of tough years. Distell remains a solidly defensive and strongly cash-generative investment.

2020 has started with renewed global uncertainty and South Africans were greeted by an early bout of load shedding, all indicating that 2020 is unlikely to be any less of a roller coaster ride than the last 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 mispricing of assets in the local market. All our internal models indicate significant value for the patient investor in the SA market. As a result, we are confident of being able to continue to sustain the long-term outperformance trend of the fund.

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

## IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION TOP 20 FUND

The Top 20 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](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. The fund's performance and fee benchmark is the FTSE/JSE Capped All Share Index (CAPI). The CAPI replaced the FTSE/JSE Top 40 Index from 1 Oct 2016. 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.

## 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 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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