

## 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

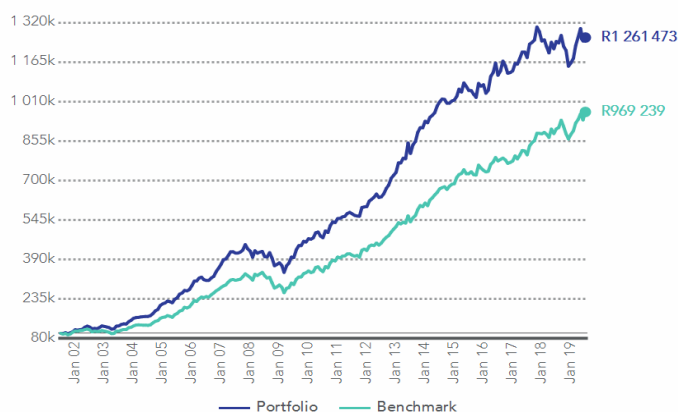
CLASS A as at 30 June 2019

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 4.35 billion
NAV	7862.38 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%	1.37%	1.76%	1.76%
Fund Management Fee	1.25%	1.25%	1.39%	1.38%
Adjusted for out/(under)-performance	(0.38)%	(0.22)%	0.00%	0.00%
Fund expenses	0.18%	0.19%	0.18%	0.18%
VAT	0.12%	0.15%	0.20%	0.19%
Transaction costs (inc. VAT)	0.16%	0.15%	0.16%	0.14%
Total Investment Charge	1.33%	1.52%	1.92%	1.90%

## 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)	1161.5%	869.2%	292.2%
Since Launch (annualised)	15.1%	13.4%	1.7%
Latest 15 years (annualised)	14.5%	14.3%	0.2%
Latest 10 years (annualised)	12.3%	12.8%	(0.5)%
Latest 5 years (annualised)	4.6%	7.8%	(3.2)%
Latest 3 years (annualised)	4.3%	7.7%	(3.4)%
Latest 1 year	1.2%	7.4%	(6.2)%
Year to date	8.5%	10.0%	(1.4)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	10.5%	9.9%
Sharpe Ratio	0.67	0.54
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	66.2%	67.1%

	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%							8.5%
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 Jun 2019
<b>Domestic Assets</b>	<b>67.2%</b>
■ Equities	45.6%
Basic Materials	11.2%
Industrials	1.2%
Consumer Goods	7.8%
Health Care	2.1%
Consumer Services	9.5%
Telecommunications	3.3%
Financials	8.6%
Technology	0.8%
Derivatives	1.1%
■ Preference Shares & Other Securities	2.5%
■ Real Estate	7.5%
■ Bonds	10.6%
■ Commodities	1.2%
■ Cash	(4.3)%
■ Other (Currency Futures)	4.0%
<b>International Assets</b>	<b>32.8%</b>
■ Equities	22.8%
■ Real Estate	1.2%
■ Bonds	7.8%
■ Cash	0.9%

## TOP 10 HOLDINGS

As at 30 Jun 2019	% of Fund
Naspers Ltd	5.2%
Anglo American Plc	4.7%
British American Tobacco Plc	4.0%
MTN Group Ltd	3.3%
Standard Bank Group Ltd	3.1%
Egerton Capital Equity Fund	2.8%
Contrarius Global Absolute Fund	2.0%
Maverick Capital	2.0%
Mondi Limited	1.9%
INTU Properties	1.9%

## 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.***

The fund had a muted quarter in terms of performance, although year to date the return is now 8.5%. This is slightly behind the quantitative benchmark, but well ahead of inflation for the period. The fund's broadly overweight positions in local equity and global equity have helped, but a low weighting to mainly offshore government bonds has detracted, as the property we held in its place has not yet performed.

It continues to be an extraordinary period in markets, as global leadership appears to be seriously adrift. In the US, the sitting president is browbeating the head of the central bank to cut interest rates, even as the economy hits record low levels of unemployment and maintains reasonable levels of economic growth. This, in turn, has once again spurred the search for yield and benefited emerging markets, where yields and currencies have rallied, despite the same US president fighting a trade war with all its trading partners, mainly emerging markets. European interest rates continue to plummet as the European Central Bank has turned equally dovish and negative yields across the yield curve are once again prevalent. Nationalism remains in ascendency in a large number of Western economies and is being increasingly accepted in emerging economies. This trend raises the stakes in trade wars and increasingly the prospect of real wars in the Middle East. Despite this backdrop, equity markets are generally hitting, or getting close to, all-time highs, while volatility (the market standard for measuring risk) is at all-time lows. What a recipe for a disruption! Bull markets in bonds, which imply low growth and low inflation, and bull markets in equities, which generally correlates with high growth and higher inflation, should not be coterminous. Yet, here we are again, with two major capital markets sending conflicting signals, and many pundits proclaiming which is right and which is wrong.

In our offshore exposure, we have generally been well positioned, with a high exposure to emerging markets. These markets have responded well to the decline in interest rates in developed markets and are again enjoying an inflow of money, resulting in strengthening currencies and improving ratings in their equity markets. The S&P in the US, and most European markets, have also done well this year, if not as well as the emerging markets. Where we have detracted over the quarter, is not having any allocation to global bonds. With yields at low levels, we felt it didn't offer sufficient return for the risk being taken (return-free risk). However, the yields have managed to move even lower, with the 10-year US Treasury below 2% again and the German yield curve printing solidly negative yields across most points. Despite these ultra-low rates, the market remains sceptical on property. We have been invested in several European and US retail real estate investment trusts (REITs) and the yield differentials have continued to widen as bond yields have tightened. With blue-chip European retail REITs trading on 8% yields, we believe that the value will ultimately emerge.

Our local equity portfolio has continued to perform ahead of the market, although the lack of exposure to Richemont, a large weighting in the FTSE/JSE Capped All Share Index, hurt us over this period. We have maintained a solid weighting to resources, which have continued to perform well, particularly more recently on the back of significant price increases in iron ore (which we think are unsustainable). Our very low exposure to Sasol has proved highly beneficial as the share price has collapsed on the disclosure that the Lake Charles Chemicals Project in Louisiana has gone even further over budget and is unlikely ever to make a decent return on the vast capital injected to date. With the share price now below R350, we think the risk-reward has moved in our favour and we are starting to add to our position.

The poor performance of the South African economy remains a very worrying trend and has resulted in us maintaining an overweight position in

rand-hedge shares, as well as being exposed to mainly defensive South African businesses. The disappointing State of the Nation Address by the recently-reappointed president Cyril Ramaphosa has left the country directionless, with no policy certainty and no tangible plans on how state-owned enterprises and vast public debts will be managed. It has also further exacerbated the low confidence in the outlook from consumers as well as businesses. While share prices and earnings have collapsed in most sectors, the lack of identifiable growth opportunities leaves us extremely cautious on moving too quickly to invest in a local turnaround.

An area that does look compelling, is the real yields available in the local bond market. Our real yields of circa 4% are the highest globally and above a number of other emerging markets that are already rated sub investment grade. We think the concerns over the potential downgrade by Moody's are overdone, and we doubt that the markets would move much should this happen.

Our local property sector has largely missed the rerating that has occurred in bonds this year. Still weighed down by some of the shenanigans that have played out over the last few years, the market is sceptical of sustainable yields and valuations. Add to this the pressure that retailers are under as well as negative reversions in the office and, increasingly, the retail space, investors have not rewarded the sector with an improved rating. For the careful investor, we think this is an opportune time to pick up some of the better-quality property names on attractive yields, and we have been doing so in the fund.

Given the uncertainty alluded to in the opening paragraphs, I am sure that the second half of the year will be eventful. We will hopefully start to see some policy decisions in South Africa, the warm-up for the US presidential elections next year, and the choosing of the Democratic Party contender. Should the market start to see signs of a possible loss for President Trump, he will likely respond with more poorly thought-through rhetoric and policies, the impact of which could be significant. As always, a multi-asset fund such as this portfolio is the perfect vehicle for protecting and growing capital in these uncertain times.

**Portfolio managers**  
**Neville Chester and Nic Stein**  
as at 30 June 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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