

## 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

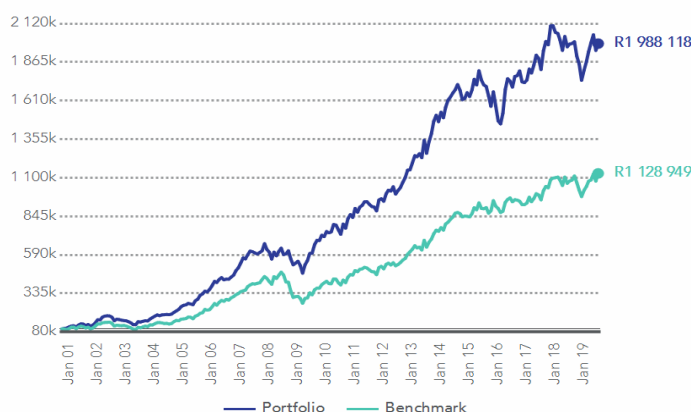
CLASS A as at 30 June 2019

<b>Fund category</b>	South African - Equity - General
<b>Launch date</b>	01 October 2000
<b>Fund size</b>	R19.94 billion
<b>NAV</b>	13361.73 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

<b>Total Expense Ratio</b>	1 Year	3 Year
Fee for performance in line with benchmark	1.32%	0.89%
Adjusted for out/(under)-performance	1.00%	1.00%
Fund expenses	0.15%	(0.23)%
VAT	0.01%	0.01%
Transaction costs (inc. VAT)	0.16%	0.11%
<b>Total Investment Charge</b>	<b>0.28%</b>	<b>0.27%</b>
	1.60%	1.16%

## 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)	1888.1%	1028.9%	859.2%
Since Launch (annualised)	17.3%	13.8%	3.5%
Latest 15 years (annualised)	16.8%	15.4%	1.4%
Latest 10 years (annualised)	12.7%	13.2%	(0.5)%
Latest 5 years (annualised)	3.4%	5.5%	(2.1)%
Latest 3 years (annualised)	5.4%	6.3%	(0.9)%
Latest 1 year	0.2%	4.7%	(4.5)%
Year to date	9.8%	11.1%	(1.3)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.1%	17.1%
Sharpe Ratio	0.56	0.33
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	60.9%	59.6%

	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%							9.8%
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	30 Jun 2019
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>97.6%</b>
Basic Materials	29.2%
Consumer Goods	16.1%
Health Care	6.5%
Consumer Services	19.8%
Telecommunications	7.9%
Financials	18.0%
■ <b>Real Estate</b>	<b>2.4%</b>
■ <b>Cash</b>	<b>1.5%</b>
■ <b>Other (Currency Futures)</b>	<b>(1.5)%</b>

## TOP 10 HOLDINGS

As at 30 Jun 2019	% of Fund
Naspers Ltd	11.1%
Anglo American Plc	10.9%
British American Tobacco Plc	8.6%
Standard Bank Of Sa Ltd	8.3%
Mtn Group Ltd	7.9%
Northam Platinum Ltd	6.3%
Nedbank Ltd	6.3%
Mondi Limited	5.8%
Distell Group Ltd	4.5%
Exxaro Resources Ltd	4.0%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
29 Sep 2017	02 Oct 2017	216.30	215.76	0.54

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

The fund delivered a year-to-date return of 9.8%, which was marginally behind the benchmark return of 11.1%. While the short-term performance is disappointing, our aim is to deliver outperformance over longer-term time periods. To this end, the fund's returns since inception are compelling, with alpha of 3.5% per annum, net of fees.

Resources were up 2.4% for the quarter to end June 2019 (Q2-19), despite signs of slowing global growth and fears around trade wars. A big driver of the resource sector performance was iron ore, which continued its strong run and rose 37.3% in Q2-19, after having risen 16.3% in Q1-19. A combination of strong China-driven demand and weak supply (exacerbated by the Vale tailings dam disaster) led to the perfect storm for iron ore producers, with current prices well above 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.

During the quarter, we introduced Sasol. This was largely funded by selling out of BHP Billiton, which performed strongly on the back of robust iron ore prices discussed above. The Sasol share price declined meaningfully when the company announced that its Lake Charles Chemicals Project (LCCP) would both cost more to deliver and produce a lower normalised level of profitability. We had long harboured concerns around capital allocation at Sasol in general and the LCCP project specifically. However, we now feel that these concerns are adequately discounted in the Sasol share price. As the project nears completion, execution risk should reduce and the group earnings base is anticipated to increase by between 20% and 30%.

The British American Tobacco share price declined during the period (-15.7%) as fears relating to low nicotine regulation in the US market resurfaced. British American Tobacco has faced a slew of potential regulatory headwinds in its US business, exacerbated by volume declines in traditional tobacco as new generation products gain traction. We believe the underlying fundamentals of the business remain intact, with strong pricing power, improving cost controls and de-gearing continuing to drive earnings. In addition, we believe new generation products are lower-risk products and present an opportunity to grow the overall market. British American Tobacco trades on 9.1 times one-year forward earnings and a 7.3% dividend yield. We believe this to be very attractive for a stock of this quality and it remains a large position in the fund.

Despite the conclusion of the much-awaited South African election, local sentiment deteriorated during Q2-19. The election result was broadly in line with expectations, with the ANC maintaining its majority rule despite a slight decline in support. The appointment of a new and smaller cabinet was a positive development, reinforcing the message of fiscal discipline. However, the ruling party remains plagued by factional tensions, frustrating the ability of the president to deliver on much-needed reform. Policy uncertainty lingers, as reflected in divisive debate on land issues and South African Reserve Bank reform. Eskom's balance sheet problems remain an overhang. The government has signalled its commitment to support Eskom financially, though the underlying state of Eskom's generation and transmission assets remain unclear. These factors combined to weigh on consumer and corporate confidence levels and were reflected in a very weak Q1 GDP print of -3.2% (released during Q2) – dragged down by manufacturing and mining, in particular. Results released during the second quarter, and the accompanying subdued tones of management, reinforced how challenging the underlying economic situation is. The weak domestic economy, contained inflation and favourable global interest rate expectations have increased the likelihood of future local rate cuts.

In this environment, domestic stocks reported weak results, with even defensive stocks struggling to defy the pressures of several years of a weak domestic economy and high structural inflation. We expect these headwinds to persist and remain cautious on businesses heavily exposed to the domestic economy, with exposure to domestic stocks mostly through banks and defensive counters, such as food retailers. The fund remains underweight domestic SA stocks.

Political turmoil reigned on in the UK with the resignation of Prime Minister Theresa May during the quarter. The Brexit process is becoming increasingly disorderly, with the risks of a hard Brexit growing by the day.

We have reduced our Investec holdings. This is partly a function of managing overall UK exposure (primarily held via Quilter), given the Brexit comments above. Additionally, while the bank "rump" is optically cheap, we increasingly question what Investec's moat/competitive advantage is.

We are happy with current valuation levels and portfolio positioning. We believe prospective returns from this base will prove attractive.

**Portfolio managers**  
**Neville Chester and Nicholas Stein**  
as at 30 June 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 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](http://www.coronation.com)

#### IMPORTANT INFORMATION REGARDING TERMS OF USE

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