

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term investment growth from investing in a select group of South African listed industrial and consumer companies.

It seeks to outperform an index of industrial companies listed on the Johannesburg Stock Exchange (the JSE Industrial Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in companies listed on the JSE, most excluding those involved in mining and financial services. It can invest in a wide range of industries, including technology, telecommunication, healthcare and consumer goods.

While the fund may not invest in foreign markets, it can have exposure to international companies that are listed in South Africa. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS



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

Shares are selected following rigorous and independent research into the long-term potential of a company, and whether it is currently attractively valued relative to its sector.

Shares can be volatile investments and there is a meaningful risk of capital loss over the short term. 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.

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 exposure to a wide range of industrial companies;
- accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- want to hold the Industrial 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 ARE THE FUND MANAGERS?



SARAH-JANE ALEXANDER
BBusSc, CFA



ADRIAN ZETLER
BCom (Hons), CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	1 July 1998
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Industrial Index
Fund Category	South African – Equity – Industrial
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCGRO
ISIN Code	ZA000019741
JSE Code	CNCG

CORONATION INDUSTRIAL FUND

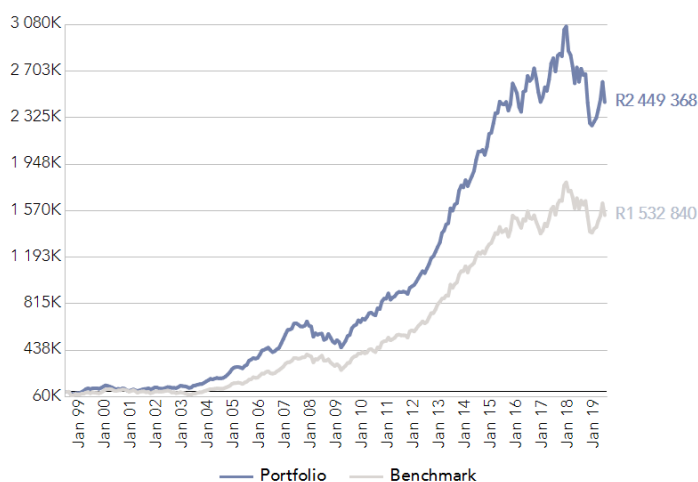
CLASS P as at 31 May 2019

Fund category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R910.90 million
NAV	17171.26 cents
Benchmark/Performance	FTSE/JSE Industrial Index
Fee Hurdle	
Portfolio manager/s	Sarah-Jane Alexander and Adrian Zetler

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.16%	1.16%
Fund expenses	1.00%	1.00%
VAT	0.02%	0.02%
Transaction costs (inc. VAT)	0.14%	0.14%
Total Investment Charge	0.14%	0.18%
	1.30%	1.34%

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)	2349.4%	1432.8%	916.5%
Since Launch (annualised)	16.5%	13.9%	2.6%
Latest 20 years (annualised)	16.2%	15.3%	0.9%
Latest 15 years (annualised)	17.8%	18.1%	(0.3)%
Latest 10 years (annualised)	16.1%	16.5%	(0.4)%
Latest 5 years (annualised)	4.3%	5.0%	(0.7)%
Latest 3 years (annualised)	(2.8)%	(0.7)%	(2.1)%
Latest 1 year	(6.3)%	(3.3)%	(3.0)%
Year to date	6.9%	7.7%	(0.8)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.4%	17.8%
Sharpe Ratio	0.49	0.28
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	64.5%	64.1%

	Fund	Date Range
Highest annual return	68.0%	Jan 1999 - Dec 1999
Lowest annual return	(26.2)%	Dec 2017 - Nov 2018

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	1.3%	2.9%	3.5%	5.7%	(6.3)%								6.9%
Fund 2018	(1.2)%	(3.2)%	(5.0)%	5.0%	(4.3)%	4.1%	(1.9)%	0.3%	(8.7)%	(6.8)%	(0.8)%	1.4%	(20.0)%
Fund 2017	3.2%	(1.2)%	3.6%	5.0%	1.6%	(3.9)%	4.8%	0.6%	(0.8)%	7.6%	0.9%	(6.5)%	15.0%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2019
Domestic Assets	100.0%
Equities	98.5%
Basic Materials	0.9%
Industrials	1.4%
Consumer Goods	25.0%
Health Care	7.1%
Consumer Services	52.5%
Telecommunications	5.2%
Financials	3.5%
Technology	2.7%
Preference Shares & Other Securities	1.0%
Real Estate	0.5%
Cash	0.1%

TOP 10 HOLDINGS

As at 31 Mar 2019	% of Fund
Naspers Ltd	33.8%
British American Tobacco Plc	8.6%
Compagnie Financiere Richemont SA	8.1%
MTN Group Ltd	4.8%
Bid Corp Ltd	3.4%
Distell Group Ltd	3.0%
Shoprite Holdings Ltd	2.7%
Mediclinic Internat PLC	2.1%
Curro Holdings Ltd	2.1%
Pick 'N Pay Stores	2.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2019	01 Apr 2019	108.28	106.32	1.96
28 Sep 2018	01 Oct 2018	110.24	109.34	0.91
29 Mar 2018	03 Apr 2018	86.67	81.55	5.12
29 Sep 2017	02 Oct 2017	72.22	69.82	2.40

The fund had a good quarter and returned 7.9%. Since inception, it has averaged an annualised return of 16.7% relative to its benchmark return of 14.1%, while it has moderately underperformed its benchmark over the past five- and 10-year periods.

Stocks exposed to the domestic economy came under significant pressure during the quarter as the realities of operating in a 'no-growth' economic environment filtered through into corporate earnings. The quarter kicked off with a string of profit warnings from the domestic retailers, and the likes of Mr Price (-23%), Massmart (-22%), Truworths (-18.5%) and Dischem (-16%) all ended the quarter materially lower. Fortunately, the fund had no exposure to any of these stocks during the quarter. Eskom remained in the headlines as it hit Stage 4 load shedding in the middle of March. Years of mismanagement, corruption and underinvestment are finally coming home to roost. Although, for now, we appear to have received a temporary reprieve from the worst of load shedding, it has become clear that we are only now starting to understand the true extent of the problems that the power utility faces and that its numerous issues could indeed take years to rectify.

Unfortunately, if persistent load shedding becomes the norm over the next few years, the impact on consumer sentiment, business confidence and GDP growth will be devastating. We therefore continue to remain cautious on stocks that are heavily exposed to the domestic economy and our preferred exposures are through high-quality domestic defensive stocks that should weather the challenging environment better than their weaker economically-sensitive peers. Against this challenging economic backdrop, the South African Reserve Bank left rates unchanged at its 28 March meeting and cut its 2019 GDP forecast from 1.9% to 1.3%, while the much-anticipated ratings review by Moody's was deferred and South Africa maintained its investment-grade rating.

Performance attributions over the past three years have been boosted by our holdings in Pick n Pay, Netcare, Mondi and Spar. During the quarter, low weightings in domestic stocks such as Vodacom, Mr Price, Truworths and Bidvest contributed to outperformance.

After a challenging 2018, a number of the fund's high-conviction ideas contributed meaningfully to returns during the first quarter. Firstly, Naspers benefited from a strong recovery in the Tencent share price, as sentiment towards China shifted positively on the back of a reduction in trade war fears and a resumption in the licensing approval process of online games by the Chinese authorities. Naspers also surprised the market in March by announcing the offshore listing and part unbundling of its offshore internet portfolio (i.e. Tencent, Mail.ru, OLX, Food Delivery, et al.), in an effort to reduce the discount at which it trades at relative to its underlying intrinsic value. While this is certainly no 'silver bullet' that will immediately remove the entire discount, we nevertheless view it as a very positive step in the evolution of the group into a global consumer internet powerhouse and will allow it access to a wider investor base. While Naspers remains one of the fund's highest-conviction ideas, its continued outperformance over time has led to it occupying a disproportionate size in the fund's benchmark, currently circa 40%. In order to manage single-stock risk in the overall portfolio, the fund now finds itself significantly underweight Naspers. Therefore, perversely, if Naspers continues to do well (which we certainly hope and believe it will), there is a high probability that the fund will underperform its benchmark. While we continue to strive to find great investment ideas, we remain mindful of our commitment to construct diversified anti-fragile portfolios –

the performance of which is not dependent on the outcome of a single investment idea. In this way, we aim to deliver high-quality risk-adjusted returns.

As previously communicated, Naspers completed the listing and unbundling of Multichoice (its video entertainment business) during the quarter. We believe Multichoice is a good-quality business and although the South African operations are fairly mature, it should still grow earnings strongly as management turns around the loss-making 'rest-of-Africa' operations. We also believe that given several structural differences (lack of broadband, high cost of data, demand for local content, best-in-class sports offering, etc.) versus many developed markets, the competitive threat from the global over-the-top competitors (the likes of Netflix, Amazon Prime, et al.) is overblown. Multichoice is currently trading on circa 7 times our assessment of normal earnings. We used the period of heightened share-price volatility post the unbundling to add to our position.

During the quarter we received an offer from a consortium of investors (led by Israel's Central Bottling Company (CBC)) for our stake in Clover (+30% for the quarter). The offer price was close to our assessment of Clover's intrinsic value and we decided to support the offer. The British American Tobacco (BTI) share price (+27% for the quarter) recovered strongly during the quarter on the back of good results which allayed market fears around US volume declines, its debt levels and the outlook for its next-generation products. It also appears that the regulatory headwinds faced by the US business are abating and sentiment is finally starting to turn positive on the stock. Even after this short-term price rally, BTI is still trading on only 9.5 times one-year forward earnings and a 7% dividend yield. We still believe this to be very attractive for a stock of this quality and it remains the second biggest position in the fund.

Aspen reported interim results in March that were below market expectations, and the share sold off aggressively as the market became concerned about its high debt levels and the risk of a covenant breach, should it not be successful in concluding the sale of its infant milk business. The poor organic growth performance and working capital management added to investor concerns. The Aspen business is currently in a transitory phase as management repositions the portfolio to capitalise on future growth opportunities, and we continue to believe that the debt load is manageable. Aspen is currently trading on 6 times our assessment of normal earnings and we have added to our position on the back of the weakness in the share price.

Notwithstanding the economic challenges that South Africa faces, markets have had a positive start to the year. The National Elections are scheduled in early May 2019 and we expect little improvement in the economy before then. Decisive policy action will, however, be required post the election to ensure the economic challenges are effectively addressed. We continue to believe that the portfolio is filled with stocks that remain very attractively priced, and we are optimistic about future return opportunities.

Portfolio managers
Sarah-Jane Alexander and Adrian Zetler
 as at 31 March 2019

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

The Industrial 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; 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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