

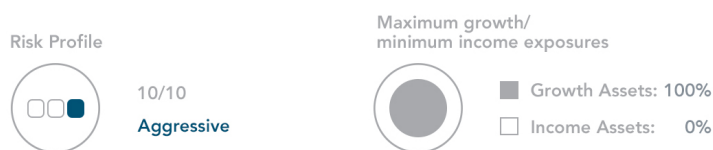
## WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in a select group of resource companies. It seeks to outperform an index of resource companies listed on the Johannesburg Stock Exchange (the JSE Resources Index) over the longer term.

## WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in a broad range of resource and basic materials industry shares that are affected by changes in the commodity cycle. This includes companies involved in mining, minerals, energy, natural resources and other commodities. 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. The fund reflects Coronation's best investment views in the resource sector.

Shares are selected following rigorous research into the long-term potential of a company. Shares can be volatile investments, and the cyclical demand for commodities can add to the risk of capital loss.

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 specific exposure to the resource sector;
- believe that resource shares offer compelling value;
- accept the cyclical nature of commodity demand and the resulting increased risk of short-term losses;
- want to hold the Resources 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](http://www.coronation.com).

## WHO IS THE FUND MANAGER?



**NICHOLAS STEIN**  
CA (SA), CFA

## GENERAL FUND INFORMATION

Launch Date	1 October 1999
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Resources Index
Fund Category	South African – Equity – Resources
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORVALU
ISIN Code	ZAE000022877
JSE Code	CCGF

# CORONATION RESOURCES FUND

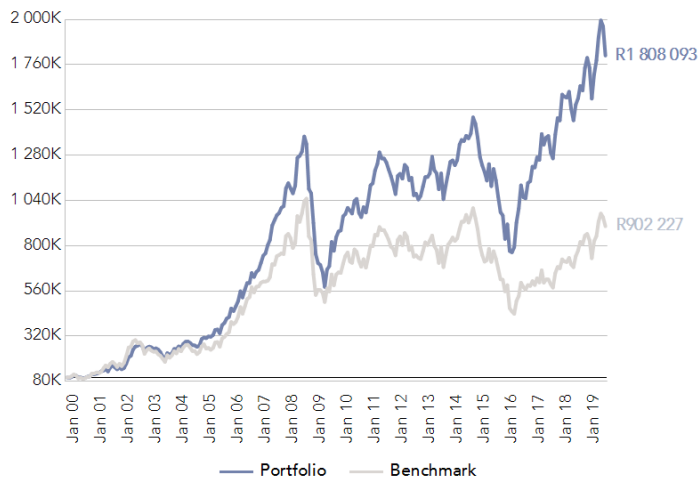
CLASS P as at 31 May 2019

Fund category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R620.86 million
NAV	12034.53 cents
Benchmark/Performance	FTSE/JSE Africa Resources Index (TR)†
Fee Hurdle	
Portfolio manager/s	Nicholas Stein

	1 Year	3 Year
Total Expense Ratio	1.23%	1.26%
Fund management fee	0.99%	1.00%
Fund expenses	0.10%	0.12%
VAT	0.14%	0.14%
Transaction costs (inc. VAT)	0.38%	0.38%
Total Investment Charge	1.61%	1.64%

## 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)	1708.1%	802.2%	905.9%
Since Launch (annualised)	15.9%	11.8%	4.0%
Latest 15 years (annualised)	13.5%	9.2%	4.3%
Latest 10 years (annualised)	8.2%	3.4%	4.9%
Latest 5 years (annualised)	5.7%	(0.4)%	6.1%
Latest 3 years (annualised)	19.6%	15.8%	3.8%
Latest 1 year	14.3%	16.6%	(2.2)%
Year to date	5.9%	9.6%	(3.7)%

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	22.6%	26.0%
Sharpe Ratio	0.33	0.13
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	58.1%	55.5%

	Fund	Date Range
Highest annual return	100.5%	Apr 2001 - Mar 2002
Lowest annual return	(54.2)%	Mar 2008 - Feb 2009

### MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	4.4%	6.9%	4.8%	(1.6)%	(7.9)%								5.9%
Fund 2018	2.0%	(5.6)%	(4.0)%	5.7%	2.2%	4.2%	(1.5)%	7.4%	3.0%	(3.0)%	(9.4)%	8.1%	7.7%
Fund 2017	11.0%	(4.1)%	2.8%	0.6%	(6.4)%	(2.4)%	10.0%	6.4%	(0.9)%	9.4%	(0.7)%	(0.3)%	26.3%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2019
<b>Domestic Assets</b>	<b>99.5%</b>
■ <b>Equities</b>	<b>97.7%</b>
Basic Materials	96.0%
Industrials	1.6%
■ <b>Preference Shares &amp; Other Securities</b>	<b>0.1%</b>
■ <b>Commodities</b>	<b>1.6%</b>
■ <b>Cash</b>	<b>0.2%</b>
<b>International Assets</b>	<b>0.5%</b>
■ <b>Cash</b>	<b>0.5%</b>

### TOP 10 HOLDINGS

As at 31 Mar 2019	% of Fund
Anglo American Plc	22.0%
Sasol Ltd	14.7%
Northam Platinum Ltd	10.7%
Mondi Limited	9.3%
Impala Platinum Holdings Ltd	8.0%
Exxaro Resources Ltd	7.5%
BHP Billiton Plc	7.2%
Glencore Xstrata Plc	5.5%
Pan African Resources Plc	3.5%
Merafe Resources Ltd	3.3%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Mar 2019	01 Apr 2019	112.42	110.10	2.31
28 Sep 2018	01 Oct 2018	268.16	259.42	8.73
29 Mar 2018	03 Apr 2018	138.35	136.08	2.27
29 Sep 2017	02 Oct 2017	130.27	130.19	0.08

The first quarter of 2019 (Q1-19) was a very strong one for the resources sector. The fund returned 16.9% against a benchmark return of 17.8%. Its long-term track record remains compelling, with the fund performing well against both its peer group and the benchmark over most meaningful periods.

For the period under review, the fund benefited from overweight holdings in platinum group metal (PGM) shares, with Omnia detracting from performance.

We also added to our Sasol and Glencore holdings over Q1-19, while reducing the Anglo Platinum and BHP Billiton positions.

All mining companies have now reported their annual or interim results for the periods to end-December 2018. These results were characterised by a strong performance from bulk metals (iron ore, coking coal, thermal coal and manganese). The theme of strong cash flow, deleveraging and capital returns to shareholders continues. Anglo American has yet to start returning excess capital to shareholders, but we expect them to initiate in 2019, once their targeted gearing range is reached.

The quarter under review saw commodity prices get off to a strong start, which was fairly broad based (nickel +25%, oil +23%, iron ore +21%, PGMs +17% and copper +11%). Abatement of fears around a potential trade war between the US and China was likely a contributing factor. Thermal coal declined 24%, although this was off a high starting price – a price we did not expect to be sustained.

The most topical of the moves higher was iron ore, which is a commodity we have been fairly bearish on. Our view is that recent supply additions from the majors, coupled with tepid steel demand growth, would see a market in surplus. In the long term, the rise of steel scrap is also expected to reduce demand for raw iron units. However, in late January 2019, a tailings dam of Brazilian iron ore producer Vale collapsed, a tragic event that led to the loss of around 300 lives. In addition, around 40mt of production was removed from the market in the short- to medium-term, while it and other Brazilian tailings dams are being assessed. Further to this, Cyclone Veronica in Australia looks like it will result in production being reduced at Rio Tinto's and BHP Billiton's operations. While our bearish thesis remains, these events should see iron ore staying stronger for longer before production resumes.

After a long, frustrating wait, PGM shares have finally begun to rally. We feel this is a vindication of our disciplined, long-term approach to investing, where we aim to assess information objectively and dispassionately and try to avoid being swayed by the news and sentiment of the day. Post-'Dieselgate', negative headlines called for the death of the internal combustion engine and platinum demand along with it. PGM prices dropped below marginal costs of production. At the same time, electric vehicle commodities like lithium and cobalt were rallying strongly (up three times). Tesla's share price rose seven-fold in the last seven years and its market capitalisation is comparable to traditional automakers such as General Motors (GM) and Ford, despite the fact that the company has struggled to turn a profit and produces only 3% of the vehicles that GM produces. While we are long-term believers in battery electric vehicles, we expect the process to be evolutionary rather than revolutionary. In the medium term, we also expect PGM demand to surprise positively as a consequence of tightening emissions standards, globally. In addition to this, material underinvestment in mine supply over the last decade means it will take many years before a sufficient supply can respond to current market deficits. We therefore expect structural PGM market deficits to persist for at least the next decade.

Coal is another example of 'headline risk'. While headlines were bearish due to renewables adoption, the growth in absolute demand for coal (even as it has been gradually shrinking its share of the energy pie), coupled with limited investment in new supply, has meant a tight supply demand balance and a buoyant price.

**Portfolio manager**  
**Nicholas Stein**  
as at 31 March 2019

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

The Resources 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. The fund is mandated to invest up to 25% (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 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](http://www.coronation.com)

#### IMPORTANT INFORMATION REGARDING TERMS OF USE

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.