

WHAT IS THE FUND'S OBJECTIVE?

Capital Plus is in the first instance managed to achieve reasonable investment growth over the medium to long term. Our intent is that the fund should produce an annualised return of at least inflation plus 4% over time. In addition, we aim to preserve capital over any 18-month period. It is specifically managed to suit investors who want to draw an income over an extended period of time.

WHAT DOES THE FUND INVEST IN?

Capital Plus can invest in a wide range of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally. As the fund actively seeks to curb risk and volatility, only a maximum of 70% of its investments may be held in growth assets like shares and listed property. Shares usually offer the best growth, but this comes with the greatest risk of short-term losses. The fund's exposure to shares is therefore carefully balanced with more stable investments like bonds. Maximum exposure to foreign assets is 30% (excluding Africa). 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 is tactically managed to protect and grow capital, as well as secure an attractive income. A large and experienced investment team actively seeks out the best potential opportunities for income and growth, while carefully considering the different risks within the fund.

Capital Plus is specifically managed to reduce the probability of losing money over any 18-month period, although it cannot guarantee protection against losses.

The fund is diversified across a range of assets reflecting its dual objectives of reasonable growth and capital stability. This includes a selection of shares we believe are attractively valued and may offer strong long-term returns, as well as strategic positions in quality income assets.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is three years and longer. The fund's exposure to shares may result in short-term price fluctuations, making it unsuitable to investors who can only invest for short periods.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

- Pensioners and other investors requiring an income, especially those in the first half of retirement.
- Living annuity investors seeking a fund that aims to achieve both income and capital growth.
- Investors requiring a low-risk fund, which offers a reasonable rate of return, for their retirement annuity, provident fund, preservation fund or pension fund.
- Conservative investors who want to protect their savings.
- Trusts, endowments, foundations and charities who require long-term funding of a moderate spending rule.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% (excl. VAT) is payable.

The annual management fee is accrued daily and paid monthly. Fund expenses 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 fund 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?



**CHARLES
DE KOCK**
BCom (Hons), MCom
(Economics)



**PALLAVI
AMBEKAR**
CA (SA), CFA

GENERAL FUND INFORMATION

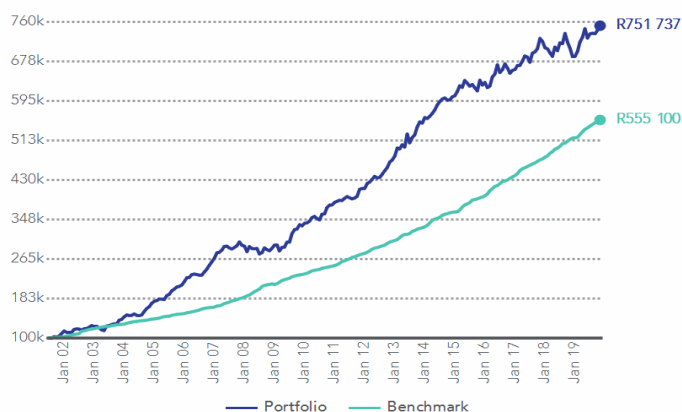
Launch Date	2 July 2001
Fund Class	A
Benchmark	CPI + 4%
Fund Category	South African – Multi-asset – Medium Equity
Regulation 28	Complies
Income Distribution	Quarterly (March, June, September, December)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCAPP
ISIN Code	ZAE000031514
JSE Code	CCPF

CLASS A as at 31 October 2019

Fund category	South African - Multi Asset - Medium Equity
Launch date	02 July 2001
Fund size	R13.92 billion
NAV	4193.87 cents
Benchmark/Performance	CPI + 4% p.a.
Fee Hurdle	
Portfolio manager/s	Charles de Kock and Pallavi Ambekar

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Peer Group Average
Since Launch (unannualised)	651.7%	455.1%	568.5%
Since Launch (annualised)	11.6%	9.8%	10.9%
Latest 15 years (annualised)	10.6%	9.7%	9.8%
Latest 10 years (annualised)	8.4%	9.1%	8.3%
Latest 5 years (annualised)	4.7%	9.0%	5.4%
Latest 3 years (annualised)	4.8%	8.6%	5.7%
Latest 1 year	6.7%	7.9%	7.7%
Year to date	9.3%	7.2%	9.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	6.8%	1.5%
Downside Deviation	3.6%	N/A
Sharpe Ratio	0.52	1.14
Maximum Gain	29.5%	26.9%
Maximum Drawdown	(8.3)%	(0.9)%
Positive Months	67.7%	92.3%
	Fund	Date Range
Highest annual return	33.8%	Aug 2004 - Jul 2005
Lowest annual return	(6.2)%	Nov 2007 - Oct 2008

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	1.6%	2.7%	1.4%	2.5%	(2.6)%	1.2%	0.2%	(0.1)%	1.0%	1.3%			9.3%
Fund 2018	(0.3)%	(1.2)%	(1.1)%	2.8%	(1.1)%	2.4%	(0.3)%	3.0%	(2.4)%	(1.8)%	(2.4)%	0.1%	(2.5)%
Fund 2017	1.3%	0.0%	1.4%	1.6%	(0.3)%	(1.6)%	2.8%	0.4%	1.0%	3.0%	(0.9)%	(1.8)%	6.9%
Fund 2016	(1.7)%	0.5%	3.0%	0.9%	3.0%	(2.4)%	0.9%	1.9%	(1.3)%	(1.7)%	0.9%	0.3%	4.3%
Fund 2015	1.5%	1.9%	(0.5)%	2.3%	(0.9)%	(1.0)%	0.6%	(1.1)%	(1.1)%	3.6%	(1.6)%	0.9%	4.6%
Fund 2014	(0.3)%	0.8%	1.0%	1.3%	1.8%	1.2%	1.0%	0.4%	(0.7)%	0.0%	1.1%	0.4%	8.1%
Fund 2013	3.5%	(0.4)%	1.7%	(1.0)%	5.5%	(3.5)%	2.2%	1.1%	3.2%	1.9%	(0.5)%	2.1%	16.8%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.55%	1.60%
Fund expenses	1.25%	1.29%
VAT	0.13%	0.13%
Transaction costs (inc. VAT)	0.18%	0.19%
Total Investment Charge	0.06%	0.06%
	1.61%	1.66%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Oct 2019
Domestic Assets	76.5%
■ Equities	30.7%
Basic Materials	6.0%
Industrials	0.7%
Consumer Goods	5.1%
Health Care	0.6%
Consumer Services	7.9%
Telecommunications	1.1%
Financials	6.8%
Technology	2.4%
Derivatives	0.0%
Other	0.0%
■ Preference Shares & Other Securities	0.9%
■ Real Estate	6.2%
■ Bonds	35.8%
■ Commodities	2.2%
■ Cash	0.0%
■ Other (Currency Futures)	0.7%
International Assets	23.5%
■ Equities	16.8%
■ Real Estate	0.3%
■ Bonds	1.7%
■ Commodities	0.2%
■ Cash	4.6%

TOP 10 HOLDINGS

As at 30 Sep 2019	% of Fund
British American Tobacco Plc	2.8%
Naspers Ltd	2.6%
Egerton Capital Equity Fund	2.3%
Anglo American Plc	2.0%
Contrarius Global Absolute Fund	1.7%
Maverick Capital	1.7%
Prosus Nv	1.5%
Lansdowne Capital	1.4%
Standard Bank Of SA Ltd	1.4%
RMB Holdings	1.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	32.19	9.42	22.77
28 Jun 2019	01 Jul 2019	34.67	9.56	25.10
29 Mar 2019	01 Apr 2019	28.71	8.00	20.71
31 Dec 2018	02 Jan 2019	36.53	8.81	27.72

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

Against the backdrop of another tumultuous quarter, the fund delivered a return of 1%. We have delivered returns ahead of our benchmark of Consumer Price Inflation (CPI) + 4% on a year-to-date basis and over the very long-term horizon of 15 years plus. Over periods shorter than this, the benchmark has been a tougher hurdle to beat.

This quarter, we have seen the continuation of a very volatile and unpredictable global environment. The escalation of the US-China trade war and the unfolding Brexit soap opera has been further compounded by rising tensions in the Middle East and ongoing protests in Hong Kong. While these events have played out, the outlook for global growth continues to slow. Policymakers are trying to support the global economy, with more central banks around the world cutting interest rates, led by the US Federal Reserve Board (the Fed) and the European Central Bank (ECB). As a consequence, sovereign debt yields are trading at zero to negative real rates and we have even seen some corporates issue bonds with a zero coupon. This is an unusual state of affairs, and, as such, we think the global bond space is not attractive from a risk-return perspective.

Investors are doubtful that monetary easing can prevent a further economic slowdown, especially given that trade-related uncertainty is dragging down investment and exports. These doubts are reflected in global equity markets, with their strong performance at the start of the year petering out in the third quarter. Emerging markets (EMs) also continued to underperform developed markets. South Africa's economic outlook continues to be muted, despite many self-help options. The lack of political will to implement urgently needed reform at state-owned enterprises (Eskom in particular) has been disappointing. It is difficult to see how business and consumer confidence will return with continued inactivity on this front. Our base case is that the South African economy will continue to show lacklustre growth until these structural issues are addressed.

Given this context, the fund's positioning is weighted towards local fixed income assets which make up 33% of the portfolio. The yield on these assets, at just over 9%, comfortably meets the fund's required hurdle rate of CPI + 4%. This exposure has been a positive contributor to the fund's performance for the quarter. Other local asset class weightings include South African equity, at 30%, and South African property, at 6%. Both of these asset classes produced negative returns in the quarter. While our equity and property selection has been good, it has still not contributed to the fund's performance.

During the quarter, we took the opportunity to increase our local equity exposure marginally by adding selectively to some domestic equity counters where valuations have become too cheap to ignore. An example of this would be Dischem. We think Dischem is well positioned to show organic growth as well as take market share from independent pharmacies. Concerns over the lack of earnings growth in the short term (due to their heavy investment in their distribution business), has meant that multiples have come back to palatable levels. The combination of robust earnings growth and a strong balance sheet means that this share presents attractive long-term upside. Dischem is one of the few shares that can show growth in a stagnant South African economy.

We remain very choosy in our domestic equity holdings and our local allocation is thus weighted towards rand hedge shares. The South African property counters face an even more strained outlook, and we have thus not added to our positions here, despite the de-rating in the sector and seemingly appealing yields.

Given the attractiveness of the returns we see in the South African fixed-income space, we have largely maintained our offshore exposure at 26% of the fund. This has been a positive contributor to the fund's performance this year and we have trimmed some of our holdings on the back of strong returns generated.

We think the fund is correctly positioned to navigate this uncertain environment. As we have already seen this year, it is not easy to predict the most accurate political or economic outcome, but with the balanced mix of risk assets and yielding assets, our fund can deliver the required return.

Portfolio managers

Charles de Kock and Pallavi Ambekar
as at 30 September 2019

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

The Capital 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 30% (including a maximum exposure of 5% to Africa, excluding South 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. The fund is managed in line with Regulation 28 limits, although it is not required as per the fund's supplemental deed. 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 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 peer group average is calculated as the average return of all the funds in the respective ASISA category (excluding Coronation Funds in that category).

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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