

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

Risk Profile



Maximum growth/ minimum income exposures



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.

WHO IS THE FUND MANAGER?



NICHOLAS STEIN
CA (SA), CFA



NICHOLAS HOPS
BbusSc, 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

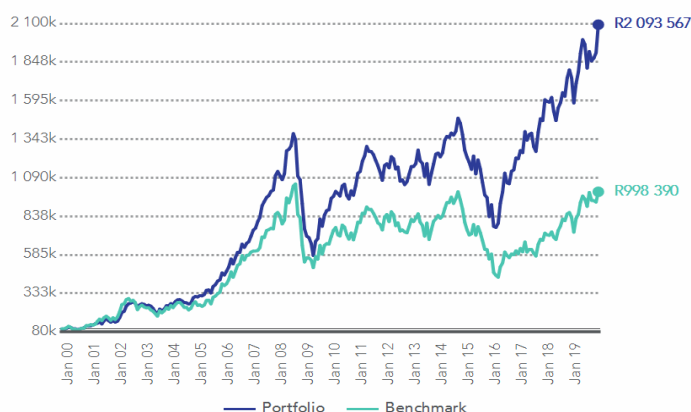
CLASS P as at 31 October 2019

Fund category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R696.58 million
NAV	13832.08 cents
Benchmark/Performance	FTSE/JSE Africa Resources Index (TR)†
Fee Hurdle	
Portfolio manager/s	Nicholas Stein and Nicholas Hops

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.23%	1.24%
Fund expenses	0.99%	0.99%
VAT	0.10%	0.10%
Transaction costs (inc. VAT)	0.14%	0.14%
Total Investment Charge	0.38%	0.35%
	1.61%	1.59%

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)	1993.6%	898.4%	1095.2%
Since Launch (annualised)	16.4%	12.1%	4.2%
Latest 20 years (annualised)	16.5%	12.2%	4.4%
Latest 15 years (annualised)	13.6%	9.6%	4.0%
Latest 10 years (annualised)	8.2%	3.6%	4.6%
Latest 5 years (annualised)	10.5%	4.6%	5.9%
Latest 3 years (annualised)	19.9%	19.1%	0.8%
Latest 1 year	20.1%	20.5%	(0.4)%
Year to date	22.6%	21.2%	1.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	22.5%	25.9%
Sharpe Ratio	0.35	0.15
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	58.5%	55.2%

	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)%	6.1%	(3.2)%	1.0%	1.8%	9.7%			22.6%
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 Oct 2019
Domestic Assets	100.0%
■ Equities	99.2%
Basic Materials	98.3%
Industrials	0.9%
■ Cash	0.8%

TOP 10 HOLDINGS

As at 30 Sep 2019	% of Fund
Anglo American Plc	20.5%
Northam Platinum Ltd	15.2%
Impala Platinum Holdings Ltd	10.8%
Sasol Ltd	9.8%
Glencore Xstrata Plc	9.1%
Mondi Limited	8.0%
Exxaro Resources Ltd	6.9%
Bhp Billiton Plc	4.6%
Pan African Resources Plc	4.2%
Merafe Resources Ltd	3.5%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	94.42	94.21	0.20
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

The fund delivered a year-to-date return of 11.8%, which was marginally behind the benchmark return of 13%. 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 4.1% per annum, net of fees.

Our platinum-group metal (PGM) holdings, Pan African Resources and Trenchor, contributed to performance this quarter, while Exxaro and Sasol detracted.

The third quarter of 2019 saw stock markets come under pressure. The mining sector was no exception. Escalating trade tensions and slowing global growth have been the key headwinds for the sector. These factors have started impacting demand for many commodities, sending commodity prices lower (as always, there were a number of exceptions, such as nickel, PGMs and gold). We regard most commodity markets as reasonably well balanced. Lower demand is somewhat tempered by supply austerity that has been in place since the 2015 commodity market lows. We expect increased Chinese stimulus to have a positive demand impact, although there is typically a 12-month lag from the implementation of stimulus to the breaking ground of infrastructure and property spend.

Anglo American, Glencore and Exxaro remain our preferred diversified miners. We have added to our Exxaro and Anglo American positions during the quarter. Exxaro's share price came under pressure as iron ore and thermal coal prices declined. We have been encouraged by Exxaro's capital allocation since the new management team has been in place. Actions include: the sale of Tronox for a reasonable price and paying out most of the proceeds as a special dividend; changing their dividend policy to pay through the full dividend they receive from Kumba Iron Ore; and purchasing buyback shares to minimise dilution during the replacement black economic empowerment deal. They have also managed their coal operations well. Exxaro is trading cum a R18 dividend. Apart from this, the share trades on six times our assessment of normal earnings.

Our PGM shares continued their strong performance this quarter. Northam Platinum and Impala Platinum (Implats) went up 40% and 37% respectively. Deficits in PGMs have seen the three elements' (platinum, palladium and rhodium) basket price continue to rise. Despite their strong run, we still view PGMs as very attractive. Our holdings in Northam and Implats trade on between 6 times and 8 times our assessment of normal earnings and have meaningful (albeit lower than a few months ago) upside to our fair values. Given the strong run, we have sold some of our shares in Implats. We have introduced a new position into the fund, being Sibanye Stillwater. In the past, we have had a number of concerns around the Sibanye investment case. These centred around their safety track record, leveraged balance sheet and acquisitive strategy.

On safety, we have been encouraged by their reducing their lost time injury frequency rate over time. They have introduced a number of interventions after their unacceptable 2018 fatality record. Encouragingly, they have been fatality-free in 2019 year-to-date in the troubled gold business. On the debt side, with PGM and gold prices where they are (and we consider current PGM prices to approximate "normal" levels), Sibanye could generate up to R17 billion in free cash flow in 2020, which would go a long way to reducing its current R27 billion in gross debt. So far, as acquisitions are concerned, we are confident that the heightened focus on reducing the debt levels will reduce corporate activity in the medium term. Sibanye trades on 4.3 times spot earnings and < 5 times normal, which we think this is very attractive. The assets it possesses (excluding Stillwater) are not on par with Northam and Implats; however, we have sized the position appropriately for its risk-return trade off.

Mondi is a very attractive business. It has a shareholder-friendly management team that balances the investment needs of the business with return-of-capital to shareholders. Over the years, they have invested heavily in their asset base to drive down their cost position and improve their return on invested capital. Their ownership and vertical integration into forestry assets provides them a moat that would be costly and near impossible for peers to replicate. They stand to benefit from the continued trend of offline-to-online shopping (necessitating increased packaging), and the trend of increased use of sustainable packaging and a shift from plastic to paper-based packaging. We do, however, expect a tough environment for Mondi in the short- to medium-term. European containerboard supply is increasing at a time when demand conditions are softening. We have reduced the size of our Mondi position, with the proceeds being applied to the diversified miners, as discussed above.

Sasol has been extremely disappointing for the fund. Further overruns on the Lake Charles Chemical Project (LCCP) cracker (when the project was 98% complete and no further overruns were expected), and the delay of their full-year results to June 2019, put pressure on the already depressed share price. We believe that the results delay is as a result of control weaknesses identified around the LCCP budgeting process and not centred around the financial statements themselves. A number of LCCP units have commenced their ramp up. As a result, we expect the company to shift to a phase of debt reduction and improved free cash flow. Sasol trades on four times 2021 earnings, which are set using what we feel are relatively undemanding rand-oil price assumptions. This is very attractive for a business of its quality.

Trenchor announced that it will be unbundling Textainer to shareholders in the coming months. This is something Coronation has been pushing for over the last few years. The share price reacted positively (up 37% for the quarter) and we used the opportunity and reduced margin of safety to reduce our stake. We are happy with current valuation levels and portfolio positioning. We believe prospective returns from this base will prove attractive.

Portfolio managers
Nicholas Stein and Nicholas Hops
as at 30 September 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; 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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