

WHAT IS THE FUND'S OBJECTIVE?

The SA Equity Fund aims to achieve the best possible long-term growth from investing in South African shares.

WHAT DOES THE FUND INVEST IN?

The SA Equity Fund invests in the shares of companies listed on the Johannesburg Stock Exchange. While investments in foreign markets are specifically excluded, the fund can invest in international companies that are listed in South Africa.

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 be 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's managers actively seek out attractively valued shares that could achieve strong investment growth over the long run. Rigorous research is conducted into the long-term potential of a company and whether it is attractively valued relative to other companies, before its shares are selected for the fund.

Shares can be volatile investments and there is a meaningful risk of capital loss over the short term. However, given its focus on attractively valued shares that could offer long-term growth, the SA Equity 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 listed in South Africa;
- accept that the fund may underperform the market in the short term in pursuit of superior long-term gains.
- do not require an income in the short term.
- The fund is less concentrated than the Coronation Top 20 fund, making it more suitable for investors holding only one equity fund.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.75% and a maximum of 2.60%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of the benchmark, a fee of 1.10% will be charged. We share in 20% of the performance above the benchmark, up to a total annual fee of 2.60%. Performance is measured over a rolling 24-month period.

When the fund return (after fees) is below the benchmark over a rolling 60-month period the fee is discounted by 0.35%.

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 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?



KARL LEINBERGER
BBusSc, CA (SA), CFA



SARAH-JANE ALEXANDER
BBusSc, CFA



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

GENERAL FUND INFORMATION

Launch Date	30 September 2015
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	CORSAEA
ISIN Code	ZAE000209441
JSE Code	CSEFA

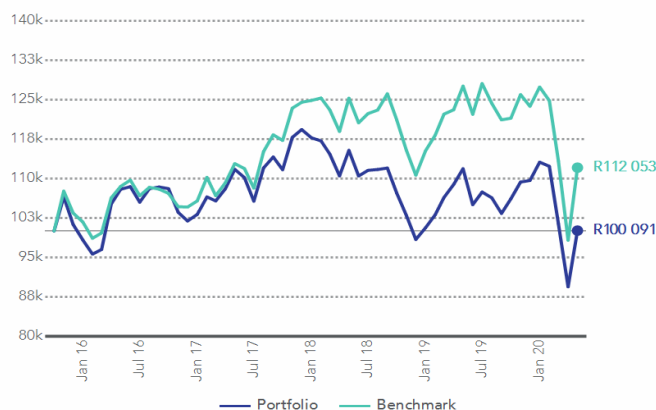
CLASS A as at 30 April 2020

FundCategory	South African - Equity - General
Launch date	30 September 2015
Fund size	R 1.08 billion
NAV	92.63 cents
Benchmark/Performance	FTSE/JSE Capped All Share Index
Fee Hurdle	
Portfolio manager/s	Karl Leinberger, Sarah-Jane Alexander & Adrian Zetler

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.30%	1.37%
Fund expenses	1.10%	1.10%
VAT	0.04%	0.11%
Transaction costs (inc. VAT)	0.17%	0.16%
Total Investment Charge	0.21%	0.54%
	1.51%	1.91%

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)	0.1%	12.1%	(12.0)%
Since Launch (annualised)	0.0%	2.5%	(2.5)%
Latest 3 years (annualised)	(3.6)%	(0.2)%	(3.4)%
Latest 1 year	(10.5)%	(12.2)%	1.6%
Year to date	(11.5)%	(12.0)%	0.5%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	14.4%	14.9%
Sharpe Ratio	(0.51)	(0.32)
Maximum Gain	13.7%	15.3%
Maximum Drawdown	(25.1%)	(23.3%)
Positive Months	54.5%	54.5%

	Fund	Date Range
Highest annual return	17.1%	Dec 2016 - Nov 2017
Lowest annual return	(17.9%)	Apr 2019 - Mar 2020

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	(0.7)%	(9.7)%	(11.8)%	11.9%									(11.5)%
Fund 2019	2.5%	3.2%	2.3%	2.8%	(6.1)%	2.3%	(1.0)%	(2.8)%	2.7%	3.0%	0.3%	3.2%	12.4%
Fund 2018	(0.5)%	(2.1)%	(3.6)%	4.4%	(4.2)%	1.0%	0.1%	0.2%	(4.3)%	(4.0)%	(4.4)%	2.3%	(14.5)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Apr 2020
Domestic Assets	100.0%
■ Equities	99.3%
Basic Materials	20.1%
Industrials	1.6%
Consumer Goods	14.4%
Health Care	5.4%
Consumer Services	29.9%
Telecommunications	0.9%
Financials	17.8%
Technology	7.9%
Derivatives	1.2%
■ Real Estate	0.7%
■ Cash	0.0%

TOP 10 HOLDINGS

As at 31 Mar 2020	% of Fund
Naspers Ltd	17.4%
British American Tobacco Plc	11.0%
Prosus	7.4%
Anglo American Plc	7.2%
Quilter plc	5.9%
Shoprite Holdings Ltd	5.3%
RMB Holdings	4.2%
Spar Group Ltd	3.2%
Aspen Phamacare Holdings Ltd	3.0%
Impala Platinum Holdings Ltd	2.4%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2020	01 Apr 2020	1.40	1.32	0.08
30 Sep 2019	01 Oct 2019	1.30	1.24	0.06
29 Mar 2019	01 Apr 2019	1.06	0.99	0.07
28 Sep 2018	01 Oct 2018	1.42	1.32	0.10

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

In a down market, the Fund declined 21% versus the benchmark decline of 22.9%. It is still a relatively new Fund without a meaningful long-term track record.

The first quarter of 2020 provided investors with very few places to hide. Equity markets around the world experienced record declines during the quarter. Since January, the Covid-19 outbreak has overtaken our lives and transformed our world, presenting a medical, economic and human challenge that is unprecedented in our lifetime. The outbreak of this pandemic has impacted financial markets with a swiftness and ferocity normally only seen in a classic financial crisis. In a matter of weeks, global equity benchmarks fell from record highs into a bear market. The level of volatility experienced during this market sell-off has also been unprecedented; from 19 February to 23 March, the US stock market saw the quickest meltdown in history, for a cumulative loss of 33.9% in the S&P 500. The following three trading days saw gains of 17.5%, marking the best three-day stretch since the 1930's.

While we did not escape the brutal realities of a declining South African (SA) equity market, our bias for rand hedge stocks and low exposure to SA domestic stocks, meaningfully added to relative performance during the quarter.

Overall, the JSE experienced a very tough quarter, with the JSE Capped Swix All Share index declining 26.6%, thereby dragging five-year rolling returns for the overall market into negative territory. No asset class was left unscathed, but the economically-sensitive sectors, such as property (-47.6%) and banks (-42.7%), bore the brunt of the pain as they were sold off aggressively. Industrials (-8.5%) and resources (-25.2%) performed relatively better.

In an environment with such extreme price moves, individual stock selection proved critical. Our two highest conviction ideas in the Fund – Naspers/Prosus and British American Tobacco (BAT) – both came through strongly during the quarter.

Naspers (+11%) and Prosus (+17%) benefited from their exposure to Tencent, whose business proved incredibly resilient during the economic disruption caused by Covid-19. Demand for digital services (such as communication tools, social networking, mobile games, online video and food and grocery delivery) exploded during the lockdown period. Outside of China, we are very encouraged by Tencent's growing international gaming business, which now makes up 23% of its total gaming revenues. Tencent has stakes in four of the top game developers in the world (TiMi Studios, Quantum, Riot Games and Supercell) and currently have five of the top 10 daily active user games in the world in their portfolio. We believe Tencent is very well positioned to build a dominant global gaming franchise. However, the most exciting area within Tencent at present is undoubtedly digital payments and financial services. We think this business will contribute significantly to group profits over the next three to five years. Similarly, Tencent is rolling out other financial services products, such as banking, wealth management and insurance. Given Tencent's distribution capabilities, together with their treasure trove of user data, we think they are very well positioned to build substantial and very profitable businesses. Outside of Tencent, Prosus is primarily investing in three key areas (online classifieds, food delivery, and payments/fintech), all of which are growing very rapidly. Prosus is currently trading at a c.35% discount to its underlying intrinsic net asset value, while Naspers, in turn, is trading at a c.25% discount to the market value of its Prosus stake. Encouragingly, Naspers announced a share buyback during the quarter after it raised cash from the sale of a small part of its Prosus stake. We believe steps such as this can create meaningful value for Naspers shareholders and help narrow the discount to intrinsic value over time. We continue to believe both Naspers and Prosus are being grossly mispriced by the market at current levels.

The BAT share price (+2%) held up well during the quarter. As expected, consumer demand for cigarettes has remained remarkably defensive during this unanticipated economic shock. BAT's steady growth algorithm of high single-digit revenue growth, driven by strong pricing power, continued cost savings and deleveraging, remains intact and is once again being

appreciated by investors. BAT is still trading on only 7.5 times one-year forward earnings and an 8% 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.

Stocks exposed to the domestic economy came under significant pressure during the quarter as the announcement of SA's lockdown was another blow for businesses already struggling in a "no-growth" economic environment. Our preference for holding the high-quality defensive food retailers (Shoprite, Spar and Pick 'n Pay) together with Dis-Chem, versus the more economically-sensitive clothing retailers, was well rewarded. The food and drug retail sector was down only 13.3% for the quarter, while the general retailer sector was down a whopping 43.9%. Our underweight position in the banks also contributed to performance during the quarter. Although there is no doubt that their earnings will come under pressure as they struggle to grow advances and their net interest margins will contract on the back of lower interest rates, their real pain will come in the form of higher credit losses as consumers and businesses buckle under the strain of being leveraged in a very weak economy. However, we have full confidence in the stability of our banking system and, given their conservative past lending practices together with their healthy capital adequacy levels, we believe the banks are well placed to handle the economic shock we are currently experiencing. Our preferred bank holding is FirstRand which trades on 9 times our assessment of normal earnings.

One of the big buys for the Fund during the quarter was Anheuser-Busch Inbev. Its share price collapsed on the back of poor results, which were then compounded by the impact of Covid-19 (i.e. reduced beer consumption and weaker emerging market currencies) coupled with concerns around its high debt levels, which we think are easily manageable. We bought our position at a price of less than 10 times our assessment of normal earnings. This is an incredible price for one of the world's best businesses, which is engaged in a stable and long-lived industry that has fantastic economics. Other buying for the quarter was focused on adding to our existing high conviction ideas, such as Quilter, Anglo American and Shoprite on share price weakness. As funding, we sold down our Pick 'n Pay position and exited our Richemont position during the quarter.

Notwithstanding the uncertainties that abound, we remain focused on building diversified portfolios for the long term. We will seek to take advantage of this extreme market volatility to invest in attractive opportunities that the market may present to us and, in so doing, generate inflation-beating returns for our investors over the long term. We are satisfied with the current portfolio positioning and, given compelling valuations, we are optimistic about future return prospects.

Portfolio managers

Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
as at 31 March 2020

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

The SA Equity 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 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). 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 2019 (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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