

WHAT IS THE FUND'S OBJECTIVE?

Top 20 aims to outperform the equity market over the long term.

WHAT DOES THE FUND INVEST IN?

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

The fund would typically hold shares in a maximum of 20 companies selected from all equities listed on the JSE. Its investments will therefore always be concentrated and limited to shares in large companies listed in South Africa.

While investments in foreign markets are specifically excluded, the fund can invest in foreign companies that are listed locally. 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 remain 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 can only invest in shares that are listed in South Africa. As a result, it cannot provide diversification into other asset classes or geographies. While the fund can invest in smaller companies, it is expected to always have an allocation biased towards larger companies.

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

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 in large companies listed in SA;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ are holding Top 20 as one of multiple equity funds in their investment portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.50% and a maximum of 3.00%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of its benchmark, a fee of 1.00% will be charged. We share in 20% of performance above the benchmark, up to a maximum total annual fee of 3.00%. Performance is measured over a rolling 24-month period.

When the fund return is below the benchmark over a rolling 60-month period the fee is discounted by 0.50%.

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 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?



**NEVILLE
CHESTER**
BCom, CA (SA), CFA



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

GENERAL FUND INFORMATION

Launch Date	2 October 2000
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	CORTP20
ISIN Code	ZAE000026431
JSE Code	CNTF

CLASS A as at 30 April 2020

Fund category	South African - Equity - General
Launch date	01 October 2000
Fund size	R17.50 billion
NAV	12174.92 cents
Benchmark/Performance	FTSE/JSE Capped All Share Index
Fee Hurdle	
Portfolio manager/s	Neville Chester and Nicholas Stein

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	0.58%	0.88%
Adjusted for out/(under)-performance	1.00%	1.00%
Fund expenses	(0.50)%	(0.23)%
Fund expenses	0.01%	0.01%
VAT	0.07%	0.11%
Transaction costs (inc. VAT)	0.23%	0.26%
Total Investment Charge	0.81%	1.14%

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)	1774.9%	888.0%	886.9%
Since Launch (annualised)	16.1%	12.4%	3.7%
Latest 15 years (annualised)	14.1%	12.6%	1.5%
Latest 10 years (annualised)	9.1%	8.7%	0.4%
Latest 5 years (annualised)	0.7%	1.1%	(0.4)%
Latest 3 years (annualised)	(0.6)%	(0.2)%	(0.4)%
Latest 1 year	(8.4)%	(12.2)%	3.8%
Year to date	(10.6)%	(12.0)%	1.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.5%	17.6%
Sharpe Ratio	0.48	0.24
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	60.4%	58.7%

	Fund	Date Range
Highest annual return	68.9%	May 2005 - Apr 2006
Lowest annual return	(31.7)%	May 2002 - Apr 2003

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	(0.4)%	(8.8)%	(12.4)%	12.4%									(10.6)%
Fund 2019	3.2%	3.5%	3.1%	2.6%	(5.1)%	2.3%	(2.0)%	(2.6)%	2.8%	3.9%	0.8%	2.8%	15.8%
Fund 2018	(0.3)%	(2.1)%	(3.4)%	4.8%	(3.4)%	0.9%	0.2%	0.6%	(4.8)%	(2.8)%	(5.7)%	3.8%	(12.2)%
Fund 2017	4.2%	(1.5)%	3.0%	3.6%	(1.1)%	(3.9)%	6.8%	3.2%	(1.1)%	6.3%	0.1%	(2.1)%	18.1%
Fund 2016	(1.4)%	4.8%	10.3%	4.3%	(1.0)%	(2.3)%	4.2%	0.3%	1.8%	(4.0)%	(0.3)%	1.0%	18.3%
Fund 2015	2.7%	4.2%	(2.2)%	5.5%	(3.4)%	(1.8)%	(0.6)%	(3.7)%	(4.2)%	6.1%	(5.6)%	(6.2)%	(9.8)%
Fund 2014	(2.4)%	4.6%	3.0%	1.3%	1.6%	1.3%	2.1%	(2.2)%	(3.7)%	0.6%	2.3%	(1.6)%	6.8%
Fund 2013	3.9%	(0.6)%	1.6%	(2.1)%	9.4%	(6.4)%	6.1%	4.0%	6.0%	2.7%	(2.8)%	4.2%	27.9%
Fund 2012	5.3%	2.5%	(0.6)%	2.8%	(4.7)%	2.4%	2.0%	3.4%	2.7%	4.6%	0.1%	4.1%	26.9%
Fund 2011	(2.9)%	3.9%	1.3%	2.6%	0.1%	(1.8)%	(1.6)%	(0.4)%	(2.9)%	8.3%	0.8%	(1.8)%	5.2%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Apr 2020
Domestic Assets	100.0%
■ Equities	100.4%
Basic Materials	22.7%
Consumer Goods	14.8%
Health Care	8.9%
Consumer Services	24.5%
Telecommunications	3.4%
Financials	18.0%
Technology	7.4%
Derivatives	0.6%
■ Cash	(0.4)%

TOP 10 HOLDINGS

As at 31 Mar 2020	% of Fund
Naspers Ltd	16.4%
British American Tobacco Plc	10.0%
Anglo American Plc	9.7%
Prosus Nv	7.7%
Standard Bank Of SA Ltd	6.8%
Shoprite Holdings Ltd	6.1%
Quilter Plc	4.4%
Aspen Pharmacare Holdings Ltd	4.2%
Nedbank Ltd	4.1%
Netcare Limited	4.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2020	01 Apr 2020	165.16	164.91	0.25
30 Sep 2019	01 Oct 2019	248.39	247.74	0.65
29 Mar 2019	01 Apr 2019	193.09	192.30	0.78
28 Sep 2018	01 Oct 2018	363.05	353.41	9.64

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

The first quarter of 2020 will be remembered for a number of records; none of which we would ever want to repeat. Globally this will go down as the worst first quarter in stock markets in recorded history. In the US, the S&P 500 Index recorded the fastest bear market (defined as a 20% fall in markets) in history, falling over 20% in 20 days, compared to 1929 when it took 36 days. This was followed shortly thereafter by the highest ever print in unemployment claims in the US. The main driver behind this is the developing Covid-19 pandemic. The details of this are explained in our CIO's commentary accessible on our website.

For the Fund, this has meant a torrid quarter in terms of absolute performance, with the Fund declining by 20.5% since the beginning of the year. It is cold comfort to us that we have managed to outperform the market and the Fund's benchmark, which fell by 22.9% this year. With stock markets melting down all around the world, there have been precious few places to hide. Perversely enough, one of the best performing counters has been our large overweight position in Naspers/Prosus. Despite being domiciled in China, where the original virus outbreak occurred, this company has benefited from the early exit of China from lockdown, but mainly due to the fact that its main source of revenue is virtual products (gaming, video, music, on-line content etc.) all of which was uninterrupted and, in fact, generally boosted by a move to self-isolation.

Naspers has appreciated by around 11% so far this year, benefiting from the much weaker rand as much as from its holding in Tencent. It has also proved fortuitous that their attempt to buy out Just Eat for a cash purchase price of \$8 billion fell through, so that they were not saddled with a new food delivery business in the midst of a lockdown. They now have that cash war-chest to pick up potential casualties from the global rout in markets.

Given that Tencent has actually increased by around 23% in rand terms so far this year (and, by implication, Naspers has underperformed this move) and the Naspers group is in such a solid position with a very strong balance sheet, we remain holders despite the very strong relative outperformance in the Fund. By our calculations, Naspers trades in excess of a 50% discount to its underlying assets.

The second-best performer for the quarter was the Fund's large holding in British American Tobacco (BAT). After having been a major underperformer in 2018, we built BAT up to a top three position in the Fund. A global staple, trading on a single-digit earnings multiple seemed to be a very attractive proposition. It has proven to be a very defensive stock to own through this period of global volatility. With a lot of concerns already discounted in the price, the stock is likely to benefit from continued demand, as well as the drop-off in oil prices resulting in its customers having more disposable income for tobacco purchases. With a globally diversified footprint and strong cash generation, BAT remains one of our top three holdings.

Finally, the third best performer in our portfolio was our holding in Shoprite, which managed to eke out a small gain for the quarter. This position was built up last year, as the market turned sceptical on the growth prospects for the African retailing giant after a couple of quarters of poor performance. Our analysis indicated that most of these tough results were from one-off factors, and that the core underlying franchise remained exceptionally strong. While its African business will always remain susceptible to economic cycles on the continent, it is a compelling retail footprint that you were not paying for in the share price. Since the self-isolation and then lockdown was promulgated, FMCG retailers have benefited from a huge burst in panic buying and 'pantry stocking'. They are also continuing to trade to ensure that South Africans have access to food during the lockdown period. While ultimately this is just a case of future purchases being brought forward and will impact sales later on, the FMCG retailers should be one of the few businesses that will emerge from this period relatively unscathed. Our other FMCG retail holding, Spar, was our fifth best performing share in the period.

The greatest disappointment during the quarter was the performance of our platinum shares. While the rand platinum group metal (PGM) basket was up in

excess of 50% for the quarter, the share prices of our holdings of Northam and Impala have fallen around 44% and 46% respectively. A starker divergence between the economic fundamentals and the actual share prices would be hard to find. There are many factors at play, both for and against the outlook of these companies, yet the share prices appear to be only pricing the most negative of outcomes. Based on our assessment of normal PGM prices (much lower than today's levels), the platinum shares are all trading on very low single-digit earnings multiples. While production has largely been shuttered under the lockdown, any return to normal production will see a significant return to profitability. And any hiatus in demand from the shutdown in global auto manufacturers is offset by this lack of supply from South Africa (SA). Given this favourable outlook for the sector, we have added to our holdings in the month of March.

The sector that hurt the Fund the most has been the banking sector. As the lockdowns came into place, the banks sold off dramatically, with further negative moves post the Moody's downgrade. We think the Moody's downgrade is a non-event for the banks. SA's yields and credit spreads were already pricing this in, and this should have very little real impact on the bank results. The real damage to the banking system will come from the lockdown. Any stress in a regional economy always ends up in the banking sector. It is the primary mechanism for extending credit into an economy and any contraction in that economy will be felt in the banks' credit losses. With every small business now under threat of going out of business, and plenty of mid-size and large ones as well, the risks are very real of a major spike in credit losses. While in the developed world, massive government stimulus and support plans have been introduced, SA has failed to implement equivalent plans along with its lockdown. This is primarily a result of a lack of fiscal space to do this given where our government finances are currently.

Having said that, the banking system is extremely well capitalised. While the SA banks never suffered direct fallout in the Global Financial Crisis (GFC), they were required to implement all the new capitalisation standards that were approved post the GFC. This means that banks have very significant capital buffers and can handle a substantial deterioration in credit losses. The SARB has also started to relax capital buffers to allow banks to cope with the influx of Covid-19-related bad debts, without having to resort to raising new capital. All of this means that the banks should easily be able to handle the stress, if the lockdown is lifted as planned. Should it continue in this extreme form for longer, then the stresses will magnify and the banks could end up in a loss-making position, which, while not threatening their existence, will take a number of years from which to recover. Given the above, we have continued to hold our positions in the bank shares but have not added to them.

Lockdowns are occurring around the world, and the lockdown in the UK has meant that any plans of turning around the fortunes of INTU (the UK based shopping centre portfolio) have been impaired. Prior to the crisis, the company was already struggling with significant debt levels and tough trading conditions, but they had a plan to largely resolve this. The impact of Covid-19 will see further retailer insolvencies in the UK and further declines in centre valuations. We have therefore decided to sell out the remaining holding in INTU, which had largely been completed by the quarter end.

As the portfolio stood at the beginning of April, our models show the stocks we own in the portfolio have a total upside of 68% to our analysts' fair values. This is the highest potential total return the portfolio has offered in a decade. Obviously, there are assumptions in these valuations, but we have moved quickly as a team to ensure we have priced in the effects of the pandemic and the lockdown on our fair values. While the moves have been extreme and brutal so far, we think the worst has been priced into equity valuations and from here onwards expect a rebound. The portfolio quality has continued to improve and we have used the selloff to buy high quality businesses on low ratings, which will stand the Fund in good stead over the long term.

Portfolio managers
Neville Chester and Nicholas Stein
as at 31 March 2020

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION TOP 20 FUND

The Top 20 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). The CAPI replaced the FTSE/JSE Top 40 Index from 1 Oct 2016. The fund benchmark shown in this MDD is therefore a splice of the current and historical benchmarks. 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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