

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

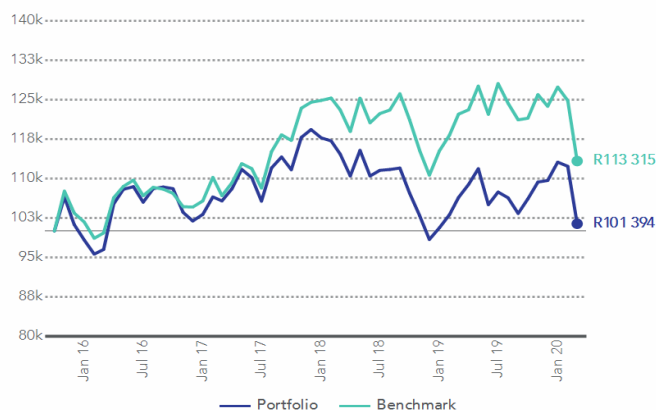
CLASS A as at 29 February 2020

FundCategory	South African - Equity - General
Launch date	30 September 2015
Fund size	R 1.09 billion
NAV	95.45 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%	0.55%
	1.51%	1.92%

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)	1.4%	13.3%	(11.9)%
Since Launch (annualised)	0.3%	2.9%	(2.6)%
Latest 3 years (annualised)	(1.4)%	2.0%	(3.4)%
Latest 1 year	(4.7)%	(7.3)%	2.6%
Year to date	(10.4)%	(11.0)%	0.7%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	12.2%	12.0%
Sharpe Ratio	(0.57)	(0.37)
Maximum Gain	13.7%	15.3%
Maximum Drawdown	(17.5%)	(12.3%)
Positive Months	54.7%	54.7%

	Fund	Date Range
Highest annual return	17.1%	Dec 2016 - Nov 2017
Lowest annual return	(17.5%)	Dec 2017 - Nov 2018

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	(0.7)%	(9.7)%											(10.4)%
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	29 Feb 2020
Domestic Assets	100.0%
■ Equities	97.2%
Basic Materials	21.3%
Industrials	1.2%
Consumer Goods	11.8%
Health Care	4.9%
Consumer Services	27.9%
Telecommunications	1.7%
Financials	19.7%
Technology	7.7%
Derivatives	1.1%
■ Real Estate	1.6%
■ Commodities	1.0%
■ Cash	0.2%

TOP 10 HOLDINGS

As at 31 Dec 2019	% of Fund
Naspers Ltd	11.0%
British American Tobacco Plc	8.6%
Anglo American Plc	6.4%
Prosus	5.6%
RMB Holdings	5.0%
Quilter plc	4.2%
Nedbank Group Ltd	3.8%
Shoprite Holdings Ltd	3.5%
Northam Platinum Ltd	3.5%
Sasol Ltd	3.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
29 Mar 2018	03 Apr 2018	0.38	0.31	0.07

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

2019 was a positive year with the fund delivering 12.4%, ahead of the benchmark return of +10.5%. For the fourth quarter, the fund delivered 6.6% ahead of the benchmark return of +4.9%. This is a relatively new fund without a meaningful long-term track record.

South African investor confidence remains weak as impatience has set in with the slow pace of much needed reform. SOEs are fragile with SAA entering business rescue in the fourth quarter and PRASA placed under administration. The rebuilding of critical institutions is underway with strengthened teams in place at SARS and the NPA and most recently the appointment of a new CEO at Eskom. The plight of Eskom remains concerning, as years of poor maintenance leave an unstable power utility. Unplanned outages are very disruptive given the lack of spare capacity and pose a major threat to economic growth prospects. The severe load shedding experienced in December is expected to have taken a toll on retailers' fourth quarter earnings. Growth continued to disappoint with a contraction in both the first and third quarter. Low domestic growth and low inflation (3.7% CPI for 2019) should give rise to rate cuts. However, the SARB has been reluctant to cut rates, believing that dovish monetary policy will have a limited impact given the high structural impediments to growth. As a result, real yields of South African bonds are at very attractive levels and local bonds therefore have a meaningful role to play in the portfolio. We are more cautious on domestic property, where we expect companies to struggle to show distribution growth over the medium term as rentals that have benefited from high escalations for many years come up for renewal and are rebased to market.

The JSE All Share Index returned 12% for the year and 4.6% for the quarter. While this was a better year for South African equities, longer term returns for domestic growth asset classes remain low (JSE All Share Index 6% p.a. over 5 years/ JSE Listed Property 1.2% p.a. over 5 years). We continue to see value in South African listed equities. The JSE returns were boosted by the South African resource sector which performed strongly; overcoming fluctuating sentiment on global growth to finish the year up 28.5%. Industrials and Financials were considerably weaker delivering 8.9% and 0.6% respectively with the higher domestic exposure of the financial sector weighing on performance.

Within the index, it was pleasing to see names that had detracted from performance in 2018 contribute strongly. Most notable among these were the Platinum Group Metals (PGM) with the fund's holdings in Northam (+186% for the year and 49% for the quarter) and Impala (+291% for the year and +51% for the quarter) up particularly strongly. Other notable performers for the year include our global holdings with Quilter (+38%), British American Tobaccos (+36%), Naspers (+22%) and ABI (23%) also doing well. The fund's underweight position in domestic businesses contributed positively, as the challenges of a lacklustre consumer environment and persistent structural cost inflation eroded earnings.

While our equity and balanced portfolios remain significantly exposed to offshore stocks, we have added to selected domestic holdings where we see value. Any near-term recovery in domestic stocks is likely to be a shift in sentiment rather than a dramatic improvement in earnings.

On the resources front, our large exposure to the PGM sector contributed meaningfully to fund performance for both the quarter and the full year. Platinum-group companies benefited from rising prices given growing demand (as emissions regulation requires higher vehicle PGM loadings) and a limited supply response. While we have cut our holdings into price strength, we still have meaningful exposure. The years of underinvestment in PGM mines mean supply is unable to respond timeously. Significant capex with long lead times is required to

change this. Northam's strength also reflected an easing of investor concerns on the overhang of the BEE deal funding, which becomes less dilutive at a higher share price. Another meaningful contribution came from the fund's large position in Anglo American which benefited from its ownership of Amplats (+149%) and Kumba Iron Ore (+65%). Both assets benefited from commodity price strength (PGMS and iron ore) due to tight markets with an inability for supply response in the short term. We anticipate that the PGM deficit will be more enduring.

Sasol suffered a tumultuous year collapsing on the back of further cost overruns relating to the Lake Charles Chemicals Project and a delay in its financial results. The board used this time to conduct a thorough review of internal controls and governance structures. Our underweight position during the year contributed to performance and we took the opportunity to add to the position at a time when investors had lost faith in the company. The previous joint CEOs have now left the business, a new internal appointment has been made and the ethane cracker achieved optimal run rate by year end. The share has rebounded c20% off its recent lows. Risks in the company remain high and we continue to manage the position size carefully.

Within the financial sector, Quilter (+38%) performed strongly in its second year of listing as the market bought into management's vision of building a focused, integrated UK wealth manager. The reduced uncertainty in the UK political backdrop also helped.

Naspers (+22%) had a busy year with the unbundling of Multichoice, the establishment of Prosus - an Amsterdam listed entity that houses its international assets, unbundling of a portion of Prosus (26%) to shareholders and a bid for JustEat, a multinational food delivery player. Unfortunately, the restructuring had little impact on the discount at which Naspers (and now Prosus) trade to their underlying holdings. Given the capital allocation track record of management, we think the market is taking an overly pessimistic view on the discount. Given the attractiveness of the underlying assets and the holding company discount, Naspers and Prosus constitute a significant holding in the fund. Their major asset, Tencent, is growing rapidly in online payments and financial services; a market segment many times larger than the gaming market they currently dominate. While strong incumbents and the regulated nature of financial markets do increase the risk profile, financial services has the potential to be a very large and profitable business.

British American Tobacco, a share which detracted from performance in 2018, was up strongly (+36%) during 2019. It continued to deliver on its strategy; growing revenues (despite falling volumes in traditional combustible tobacco), widening margins (helped by cost reduction) and strong cash conversion. This, despite a changing regulatory environment. US regulators are becoming increasingly concerned on youth recruitment and potential harm of alternative tobacco delivery methods like vaping. The magnitude of the threat posed by this category to its traditional business now looks reduced.

While it was pleasing to see market recognition of the value inherent in some of the fund's larger positions during 2019, we continue to see attractive opportunities for disciplined, long-term investors that should generate inflation-beating returns overtime.

Portfolio managers
Karl Leinberger, Sarah-Jane Alexander and Adrian Zetler
as at 31 December 2019

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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