CORONATION MARKET PLUS FUND

Fund Information as at 31 July 2020

CORONATION
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WHAT IS THE FUND'S OBJECTIVE?

Market Plus aims to maximise long-term investment growth, at lower levels of risk than a fund that is only invested in shares.

WHAT DOES THE FUND INVEST IN?

Market Plus can invest in a wide range of assets such as shares, bonds, listed property and cash, both in South Africa and internationally.

It will typically have a strong bias towards shares, which offer the highest expected long-term returns. But unlike an equity fund, it does not have to remain fully invested in shares when we believe the stock market is too expensive.

Foreign investments (excluding Africa) may represent up to 40% of its assets. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

7/10
Aggressive

Maximum growth/ minimum income exposures

- Growth Assets: 100%
- Income Assets: 0%

Market Plus represents Coronation's view on the best combination of different assets that could maximise long-term returns at a reasonable level of risk.

The fund is primarily invested in shares, and will actively seek out only those investments we believe are attractively valued and may offer superior long-term growth.

Market Plus will typically have more exposure to shares than a traditional balanced fund. Shares can be volatile investments and there is a risk of capital loss, especially over the short term. However, the fund is managed with a strong emphasis on instrument valuation and it is therefore unlikely to lose money over the longer term. It may still produce negative returns in extreme years, but at a lower level than a pure equity fund.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term for this fund is five years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Long-term investors who are building wealth and

- can stay invested for at least five years (preferably longer);
- seek to preserve the purchasing power of their savings over the long term by investing in a diversified portfolio;
- are not dependent on an income from their investment;
- who do not need to accept the investment constraints applicable to retirement savers.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.75% and a maximum of 2.40% is payable, depending on the fund's performance.

If the fund's return (after fees and costs) is equal to that of its benchmark, an annual fee of 1.25% will be charged. We share in 20% of performance above the benchmark plus 2%, up to a maximum annual total fee of 2.40%. Performance is measured over a rolling 24-month period.

When the fund underperforms the benchmark over any 60-month period, the fee is reduced by 0.50%.

TFI Class A - An annual fee of 1.25% is payable. This class is only available for Tax Free Investments.

All fees exclude VAT. Fund expenses that are 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 portfolio costs.

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 July 2001
Fund Class	A
Benchmark	Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international
Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORMKPL
ISIN Code	ZAE000031506
JSE Code	CMPF

CORONATION MARKET PLUS FUND

CORONATION
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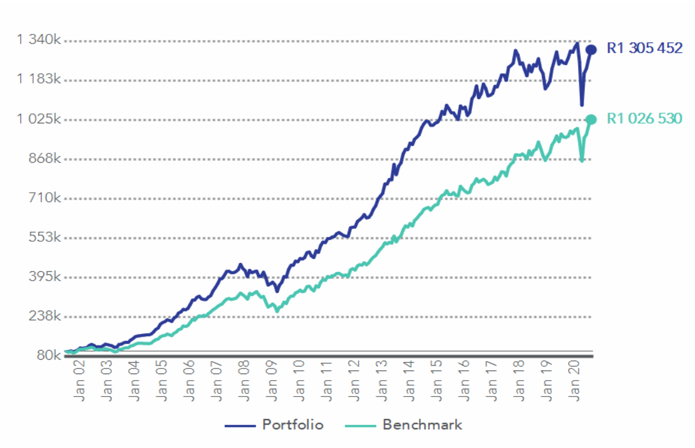
CLASS A as at 31 July 2020

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 3.91 billion
NAV	7815.08 cents
Benchmark/Performance Fee Hurdle	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Portfolio manager/s	Neville Chester and Nicholas Stein

	CLASS A		CLASS TFI A	
	1 Year	3 Year	1 Year	3 Year
Total Expense Ratio	1.03%	1.13%	1.67%	1.70%
Fund Management Fee	1.25%	1.25%	1.30%	1.32%
Adjusted for out/(under)-performance	(0.50)%	(0.42)%	0.00%	0.00%
Fund expenses	0.18%	0.18%	0.18%	0.18%
VAT	0.11%	0.12%	0.19%	0.19%
Transaction costs (inc. VAT)	0.15%	0.18%	0.15%	0.18%
Total Investment Charge	1.18%	1.31%	1.82%	1.88%

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)	1205.5%	926.5%	278.9%
Since Launch (annualised)	14.4%	13.0%	1.4%
Latest 15 years (annualised)	11.5%	12.0%	(0.5)%
Latest 10 years (annualised)	10.0%	11.0%	(1.0)%
Latest 5 years (annualised)	4.4%	6.9%	(2.5)%
Latest 3 years (annualised)	1.9%	7.1%	(5.2)%
Latest 1 year	4.2%	7.3%	(3.1)%
Year to date	(0.8)%	4.1%	(5.0)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	11.2%	10.3%
Sharpe Ratio	0.57	0.48
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	65.9%	66.8%
	Fund	**Date Range**
Highest annual return	50.0%	Aug 2004 - Jul 2005
Lowest annual return	(20.1%)	Mar 2008 - Feb 2009

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2020
Domestic Assets	67.7%
Equities	40.2%
Basic Materials	10.9%
Industrials	0.5%
Consumer Goods	4.8%
Health Care	2.0%
Consumer Services	11.3%
Telecommunications	1.1%
Financials	8.4%
Technology	2.2%
Derivatives	(0.9)%
Other	0.0%
Preference Shares & Other Securities	0.1%
Real Estate	4.7%
Bonds	18.9%
Commodities	4.8%
Cash	0.2%
Other (Currency Futures)	(1.1)%
International Assets	32.3%
Equities	23.6%
Real Estate	0.5%
Bonds	5.6%
Commodities	0.0%
Cash	2.6%

TOP 10 HOLDINGS

As at 30 Jun 2020	% of Fund
Naspers Ltd	7.2%
Anglo American Plc	4.5%
British American Tobacco Plc	3.5%
Egerton Capital Equity Fund	2.9%
Maverick Capital	2.2%
Prosus	2.0%
Quilter plc	1.8%
Nedbank Group Ltd	1.8%
Standard Bank Group Ltd	1.7%
Impala Platinum Holdings Ltd	1.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2020	01 Apr 2020	135.90	59.22	76.68
30 Sep 2019	01 Oct 2019	154.02	65.70	88.32
29 Mar 2019	01 Apr 2019	152.46	59.00	93.47
28 Sep 2018	01 Oct 2018	177.41	84.31	93.10

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	1.1%	(5.7)%	(13.7)%	11.8%	1.7%	3.2%	2.8%						**(0.8)%**
Fund 2019	1.5%	4.2%	2.7%	2.7%	(3.8)%	1.1%	(0.7)%	(0.2)%	1.8%	2.3%	(0.4)%	1.6%	**13.3%**
Fund 2018	0.4%	(2.1)%	(2.1)%	3.5%	(2.1)%	2.4%	(0.5)%	2.4%	(3.4)%	(1.3)%	(5.1)%	1.2%	**(6.9)%**

Issue date: 2020/08/12

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

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

Capital markets responded dramatically to the unprecedented levels of stimulus that most developed markets unleashed in response to the Covid-19 lockdowns. After record-breaking declines in major equity markets, we saw unprecedented rises and further tightening in bond yields, with the benchmark US ten-year government bond yield dropping well below 1%.

The Fund was positioned to benefit from the majority of these rising asset prices, delivering a return for the second quarter of 2020 (Q2-20) of 17.3% against the benchmark return of 16.7%. As markets fell, we cut our put protection and raised our global equity weighting. This was specifically due to the view that the significant business support being offered by developed markets would allow their businesses to survive the lockdown, in stark contrast to South Africa (SA), where there has been precious little support for the corporate sector, implying any bounce back in SA will be marginal at best. Unfortunately for SA businesses, we have seen this situation play out. The S&P 500 has recovered to close to its all-time high levels, within 2% of where it started the year and 6% below where it peaked. The JSE All Share, while being only down 3% since the start of the year, is flattered by a number of very large global companies, not least of which is Naspers/Prosus. If you exclude the global companies listed on the JSE, the index is down closer to 20%, reflecting the brutal reality of what the hard lockdown and lack of support has cost our economy.

While we were adding to global equities in March and April, we once again find ourselves now cutting this exposure. There is a warring struggle between vast amounts of liquidity being provided by global central banks trying to find investment destinations and the reality of tougher economic outlook with the ultimate question of how all this additional liquidity will be paid for. For the time being, the liquidity is winning, as ultra-low interest rates force investors from the sidelines into equities. Ultimately, however, the gravitational pull of delivered earnings will see reality reassert itself and we expect some normalisation of ratings on equities.

Counter to this, now that a lot of the bad news is discounted in the price, we are having a long hard look at the unloved SA equities. Foreign investors have been exiting SA, both from equities and bonds, and a number of good-quality defensive businesses are now trading at far more attractive levels. Given the continued prevalence of a lockdown, albeit in a more accommodating stance, it is still difficult to forecast what the revenue trajectory for some of these businesses will look like, making near-term earnings forecast difficult. But, if our assessment of the quality of the franchise and balance sheet strength is correct, we can still identify those that will be able to resume delivering robust earnings once the economic situation normalises. This is where we have focused our attention in the SA equity component. We now own meaningful positions in the food retailers, hospitals, and some of the more defensive retailers. Overall, our SA equity component still has a bias to global companies, but this has reduced from the previous quarter.

A sector we have added exposure to has been the insurance and specialised finance sector. With markets having rebounded very rapidly, asset bases are close to where they were at the start of the year, while many of these companies are still trading well below their intrinsic value. Companies such as Quilter, the UK-based wealth manager, as well as the recently-listed Ninety One have increased in our portfolio holdings. We have also added to the life insurance sector, buying Sanlam and Liberty, as well as adding to our existing position in Momentum. While all will face a much tougher economic environment, the nature of their operations is such that they can operate under lockdown conditions with greater ease than many other industries.

From a fixed income perspective, we have continued adding exposure to our position in SA government bonds (SAGBs). Here is also a challenging market, with two very strong counteracting forces. The parlous state of SA's fiscal position is top of mind for global investors who have significantly reduced their holdings of SAGBs. Against this, real yields are now at previously never seen levels, as rising nominal yields (due to increased supply of bonds) and falling inflation combine to offer a compelling real yield opportunity. At the longer end of the curve, real yields are well in excess of 6% under all but the most extreme inflation scenarios. While the short end of the curve is being anchored by the exceptionally low repo rate, the long end of the curve reflects the lack of appetite to take on long-dated SA government risk.

Given that SA has managed its existing portfolio of debt well, and is not very exposed to dollar liabilities, we think the possibility of default in one's own currency is unlikely. Therefore, as a hold to maturity investor, the only downside we can see would be the risk of inflation reaching double digits for a meaningful time over the coming decade. In our opinion, with the current South African Reserve Bank board in place, this is a fairly low probability risk.

On the global bond side, we remain very underweight government bonds. Currently 90% of the world's developed market bonds by value are trading with yields below 1%, a truly staggering statistic. Should any inflation return to the system (always a risk given the unprecedented money printing we have seen), there will be significant losses in this asset class.

Listed property has been the 'ground zero' of the economic impact of the global lockdowns. Impacting retail centres and office blocks as shelter-in-place instructions have seen massively changed behaviour. While it is too soon to be able to call how quickly life returns to normal ,and to what extent work-from-home and online purchasing becomes the new normal, one has been able to identify some of the winners and losers from these levels. Companies with sufficiently strong balance sheets or defensively-positioned assets with defendable levels of rental will survive. We have made some small investments in the sector to profit from these opportunities, but very much on a case-by-case basis. This is a sector in which many more opportunities will present themselves over time as stressed balance sheets result in distressed selling of quality assets.

We have reached the halfway mark of the year with the Fund down around 3.5% year to date, which we would not have seen as a win at the beginning of the year, but is undoubtedly better than where we would have expected to be at the end of the last quarter. On a forward-looking basis, the low levels of many of the assets we are invested in now indicate we should be in for a sustained period of strong returns in the years ahead. Ultimately, the return you achieve is strongly influenced by the price you invested at. We are very confident about the ability of the Fund to achieve solid returns from these levels.

Portfolio managers
Neville Chester and Nicholas Stein
as at 30 June 2020

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

The Market 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 35% (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 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.

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 TFI Class TER and Transaction Costs cannot be determined accurately because of the short life span of the class. Calculations are based on actual data where possible and best estimates where actual data is not available.

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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.