

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term investment growth from investing in a select group of South African listed industrial and consumer companies.

It seeks to outperform an index of industrial companies listed on the Johannesburg Stock Exchange (the JSE Industrial Index) over the longer term.

WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in companies listed on the JSE, most excluding those involved in mining and financial services. It can invest in a wide range of industries, including technology, telecommunication, healthcare and consumer goods.

While the fund may not invest in foreign markets, it can have exposure to international companies that are listed in South Africa. 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.

Shares are selected following rigorous and independent research into the long-term potential of a company, and whether it is currently attractively valued relative to its sector.

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

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 exposure to a wide range of industrial companies;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ want to hold the Industrial 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 ARE THE FUND MANAGERS?



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



**TUMISHO
MOTLANTHE**
BBusSc, CFA

GENERAL FUND INFORMATION

Launch Date	1 July 1998
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Industrial Index
Fund Category	South African – Equity – Industrial
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORCGRO
ISIN Code	ZAE000019741
JSE Code	CNCG

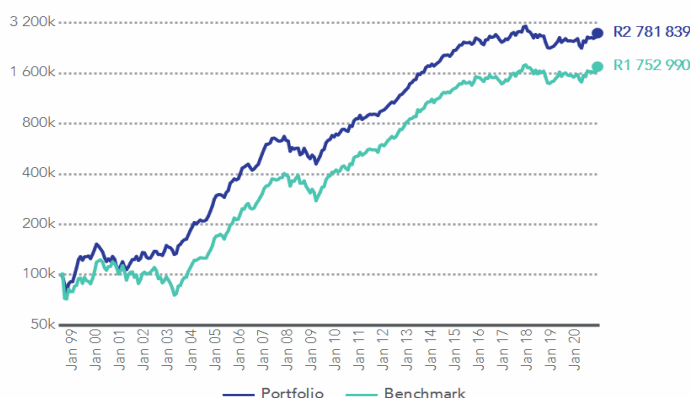
CLASS P as at 30 November 2020

Fund category	South African - Equity - Industrial
Launch date	01 July 1998
Fund size	R686.67 million
NAV	18947.74 cents
Benchmark/Performance	FTSE/JSE Industrial Index
Fee Hurdle	
Portfolio manager/s	Adrian Zetler and Tumisho Motlanthe

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.16%	1.16%
Fund expenses	0.99%	1.00%
VAT	0.02%	0.02%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.13%	0.14%
	1.29%	1.30%

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)	2681.8%	1653.0%	1028.8%
Since Launch (annualised)	16.0%	13.6%	2.4%
Latest 20 years (annualised)	17.6%	15.3%	2.3%
Latest 15 years (annualised)	14.3%	15.0%	(0.7)%
Latest 10 years (annualised)	12.5%	13.1%	(0.6)%
Latest 5 years (annualised)	1.6%	3.0%	(1.4)%
Latest 3 years (annualised)	(3.2)%	(0.9)%	(2.3)%
Latest 1 year	12.2%	15.7%	(3.5)%
Year to date	10.1%	13.1%	(3.0)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.4%	17.6%
Sharpe Ratio	0.47	0.28
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	63.9%	63.6%

	Fund	Date Range
Highest annual return	68.0%	Jan 1999 - Dec 1999
Lowest annual return	(26.2)%	Dec 2017 - Nov 2018

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	2.0%	(9.1)%	(3.6)%	10.6%	(2.0)%	7.6%	(1.4)%	0.7%	(1.3)%	1.7%	5.8%		10.1%
Fund 2019	1.3%	2.9%	3.5%	5.7%	(6.3)%	2.6%	2.6%	(3.1)%	0.2%	(0.2)%	(0.8)%	1.9%	10.2%
Fund 2018	(1.2)%	(3.2)%	(5.0)%	5.0%	(4.3)%	4.1%	(1.9)%	0.3%	(8.7)%	(6.8)%	(0.8)%	1.4%	(20.0)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Nov 2020
Domestic Assets	100.0%
■ Equities	97.5%
Industrials	2.6%
Consumer Goods	15.6%
Health Care	3.3%
Consumer Services	60.1%
Telecommunications	4.5%
Financials	2.8%
Technology	8.5%
■ Preference Shares & Other Securities	0.8%
■ Real Estate	0.5%
■ Cash	1.1%

TOP 10 HOLDINGS

As at 30 Sep 2020	% of Fund
Naspers Ltd	43.1%
British American Tobacco Plc	8.6%
Mtn Group Ltd	4.4%
Spar Group Ltd	4.1%
Prosus Nv	3.9%
Aspen Pharmacare Holdings Ltd	3.6%
Bid Corp Ltd	3.1%
Anheuser-busch Inbev Sa/nv	3.0%
Allied Electronics Corp	2.8%
Shoprite Holdings Ltd	2.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2020	01 Oct 2020	216.87	216.87	0.00
31 Mar 2020	01 Apr 2020	198.89	193.52	5.37
30 Sep 2019	01 Oct 2019	63.50	62.86	0.64
29 Mar 2019	01 Apr 2019	108.28	106.32	1.96

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

The Fund declined -2% for quarter, slightly outperforming the benchmark. Since inception, it has averaged an annualised return of 15.7% relative to its benchmark's return of 13.3%, while it has underperformed its benchmark over the past five- and 10-year periods.

Notwithstanding the lingering Covid-19 uncertainty and distressed macro conditions around the world, equity markets continued to grind higher on the back of the post-Covid-19 anticipated economic recovery, aided by unprecedented fiscal stimulus and record low interest rates.

It should come as no surprise that the South Africa (SA) economic data released during the quarter was dire. While the South African Reserve Bank (SARB) has done what it can and cut policy rates aggressively, it is now up to government to urgently deliver on much-needed structural reform. The rand remained volatile but ended the quarter over 3% stronger against the US dollar on broad-based dollar weakness and a slight improvement in local sentiment on the back of a relaxation in lockdown restrictions and some long-anticipated arrests by our law enforcement authorities. More arrests and their successful prosecution are crucial in restoring investor confidence in our governance structures and economy.

Performance attributions over the past three years have been boosted by our holdings in Cartrack and Spar. These two stocks also contributed to performance during the quarter. Much of our outperformance during the quarter was from domestic-facing stocks that recovered from depressed share price levels. Although it has consistently been our largest absolute holding, Naspers has been a detractor to performance due to its outsized weighting in the benchmark. This dynamic has been elaborated on in previous commentaries.

The Shoprite share price appreciated 30% during the quarter and also contributed to performance. After a difficult two-year period in which much work was done internally, it was particularly pleasing to see the company deliver an excellent set of full-year results in which it started regaining market share, expanded operating margins, delivered a very good cashflow performance and announced decisive action to deal with its underperforming African portfolio. We continue to hold a position.

One of the Fund's large overweight positions - Textainer, - also had a very good quarter, with the share price appreciating 68%. Textainer was previously housed within Tencor (which was the controlling shareholder), but this stake was unbundled to shareholders and separately listed on the JSE in December 2019. Textainer is one of the largest container leasing businesses in the world. It also used to be one of the most profitable and earn very good returns. However, due to difficult market conditions and some poor capital allocation decisions under the previous management team, returns deteriorated significantly over the past five years. All this seems to now be changing. Management have since been replaced and we are very encouraged by what we are seeing, especially with respect to capital allocation. The company has been buying back shares at very attractive prices and have been incredibly disciplined around capital expenditure. We believe we are in the early days of the turnaround and returns should improve significantly going forward. Notwithstanding the strong share price run, the stock is still trading at a c40% discount to its net asset value.

We still think the valuation is attractive and it remains a large overweight.

Aspen detracted from performance during the quarter. This was incredibly frustrating as our investment case was playing out as expected. Management were doing all the right things by focusing on deleveraging the balance sheet and undertaking some value-accretive mergers and acquisitions and refining the portfolio. The recent results were also good and ahead of our expectations. Unfortunately, the market seems to have ignored all of this and remains concerned about the impact of Covid-19 on the demand for their key product lines, thus delaying a rerating in the stock. We are still comfortable holders. We think Aspen has an excellent management team that will continually find ways to create value and the stock is still only trading on an 7x forward price-to-earnings multiple – far too cheap in our view.

While the portfolio remains skewed to rand hedge stocks, which are attractive for stock-specific reasons, we have gradually been increasing our exposure to domestic-facing stocks, many of which are offering compelling value.

Notwithstanding the challenging economic environment, given current valuation levels and portfolio positioning, we remain very excited about future return opportunities.

Portfolio managers
Adrian Zetler and Tumisho Motlanthe
as at 30 September 2020

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

The Industrial 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 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 2020 (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

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.