

## 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

Maximum growth/  
minimum income exposures

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](http://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

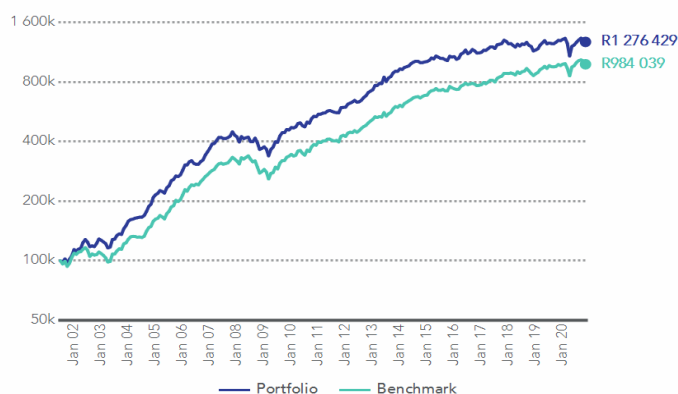
CLASS A as at 31 October 2020

Fund category	Worldwide - Multi Asset - Flexible
Launch date	02 July 2001
Fund size	R 3.60 billion
NAV	7552.27 cents
Benchmark/Performance	Composite (52.5% equity, 22.5% bonds, 20% international, 5% cash)
Fee Hurdle	
Portfolio manager/s	Neville Chester and Nicholas Stein

	CLASS A		CLASS TFI A	
	1 Year	3 Year	1 Year	3 Year
Total Expense Ratio	1.05%	1.09%	1.62%	1.69%
Fund Management Fee	1.24%	1.25%	1.24%	1.31%
Adjusted for out/(under)-performance	(0.50)%	(0.46)%	0.00%	0.00%
Fund expenses	0.19%	0.18%	0.19%	0.18%
VAT	0.11%	0.12%	0.19%	0.19%
Transaction costs (inc. VAT)	0.23%	0.18%	0.23%	0.18%
Total Investment Charge	1.28%	1.27%	1.85%	1.87%

## PERFORMANCE AND RISK STATISTICS

## GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Oct 2020
<b>Domestic Assets</b>	<b>67.0%</b>
■ Equities	<b>45.8%</b>
Oil & Gas	0.0%
Basic Materials	12.0%
Industrials	0.2%
Consumer Goods	4.0%
Health Care	1.1%
Consumer Services	13.0%
Telecommunications	1.1%
Financials	10.0%
Technology	1.5%
Derivatives	2.9%
Other	0.0%
■ Preference Shares & Other Securities	<b>0.1%</b>
■ Real Estate	<b>4.1%</b>
■ Bonds	<b>19.4%</b>
■ Commodities	<b>1.3%</b>
■ Cash	<b>(4.3)%</b>
■ Other (Currency Futures)	<b>0.5%</b>
<b>International Assets</b>	<b>33.0%</b>
■ Equities	<b>22.6%</b>
■ Real Estate	<b>0.4%</b>
■ Bonds	<b>4.4%</b>
■ Commodities	<b>0.0%</b>
■ Cash	<b>5.5%</b>

## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1176.4%	884.0%	292.4%
Since Launch (annualised)	14.1%	12.6%	1.5%
Latest 15 years (annualised)	11.0%	11.2%	(0.2)%
Latest 10 years (annualised)	9.0%	9.8%	(0.7)%
Latest 5 years (annualised)	3.4%	5.3%	(1.9)%
Latest 3 years (annualised)	(0.7)%	3.6%	(4.3)%
Latest 1 year	(1.8)%	0.3%	(2.1)%
Year to date	(3.0)%	(0.2)%	(2.9)%

## TOP 10 HOLDINGS

As at 30 Sep 2020	% of Fund
Naspers Ltd	7.2%
Anglo American Plc	4.4%
British American Tobacco Plc	3.2%
Egerton Capital Equity Fund	3.0%
Maverick Capital	2.2%
Impala Platinum Holdings Ltd	2.0%
Nedbank Group Ltd	1.8%
Quilter plc	1.7%
Tremblant Capital	1.6%
Standard Bank Group Ltd	1.6%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	11.2%	10.3%
Sharpe Ratio	0.55	0.45
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	65.5%	66.4%
	Fund	Date Range
Highest annual return	50.0%	Aug 2004 - Jul 2005
Lowest annual return	(20.1)%	Mar 2008 - Feb 2009

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2020	01 Oct 2020	91.31	45.12	46.19
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

## 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%	2.2%	(2.0)%	(2.4)%			<b>(3.0)%</b>
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%	<b>13.3%</b>
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%	<b>(6.9)%</b>

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

The Fund had a solid quarter, delivering a return of 2.9%, ahead of the benchmark, benefitting from a significant amount of tactical asset allocation moves during the year. Given the extreme moves in many asset classes and currencies, there has been significant opportunities for adding value as markets recovered from the lockdown-driven collapses around the world. The flooding of developed markets by central bank monetary easing, and enormous fiscal stimulus programmes is still having an enormous impact on capital markets. In this environment, one has to be wary of getting caught up in short-term price moves, when the underlying economic conditions remain treacherous.

Our overall equity exposure has increased in the period, but mainly focused on the South African (SA) equity market. We have trimmed the global position and re-established some put protection around the US election period, given high levels of markets and extreme uncertainty around the potential outcome. In contrast to global markets, the SA equity market looks extremely cheap. While we have successfully avoided owning a lot of SA-specific shares that have performed poorly, their valuations are now such that we cannot ignore the compelling investment opportunities. In addition, results that we have seen so far appear to indicate that operating performance has not been as poor as we expected, although we are cautious about reading too much into current results as the economic damage from the harsh government lockdown will be felt for many years to come.

The global shares that are listed on the JSE are also generally still cheap, making the decision to own more JSE-listed shares an easy one. Of course, the path to achieving these returns will be bumpy, and any global sell-off will still impact on the local bourse, even if our shares are not as richly rated as the developed market bourses. However, as long-term investors, the ability to own businesses on earnings yields in excess of 10%, when short-term interest rates are below 4%, makes compelling sense in the long term.

In our global equity allocation, we have trimmed the developed market exposure but still maintain a large exposure to emerging markets. The rampant printing of US dollars, a disruptive and divisive election, and general mismanagement of the Covid-19 crisis does not bode well for the strength of the US dollar. After a decade of dollar strength, we expect a significant period of dollar weakness as the US Fed follows a policy of maintaining negative real interest rates and, specifically, targeting inflation to be sustainably above 2% before contemplating hiking interest rates. This bodes well for emerging markets and for commodities. Given this view, we have increased the weighting to commodities within the Fund, and own gold, platinum and copper. Gold should continue to benefit from flows related to dollar weakness, whereas platinum and copper stand to benefit from looming deficits, as supply has been impacted by better supply discipline and growing industrial demand.

Our fixed income exposure has remained focused on SA government bonds, where yields have remained stubbornly high, despite virtually no yield elsewhere in global markets. Such is the lack of demand for domestic government bonds that even corporate credits are now trading below that of the sovereign. There is a greater expectation that an SA corporate will repay their debt than the state will. While this is always a probability, given the fact that the majority of SA debt is denominated in rands and not dollars there is, in our view, a very low probability of an actual

default under the current government. The finance minister has made himself very unpopular by pushing back hard on the fiscal profligacy that marked the prior decade under former President Jacob Zuma and is certainly proposing cost-cutting never before spoken about by an ANC finance minister.

With real yields in excess of 6% for longer-dated government bonds, any potential negatives are mostly accounted for, and any positive news can see the opportunity for meaningful capital gains. Global bonds continue to look incredibly expensive and guarantee the holders negative real returns for the foreseeable future.

Property is a difficult asset class in the current environment. Virtually all properties outside of logistics have been negatively impacted by lockdowns, with retail properties the worst, followed closely by office properties. It is difficult to see exactly how the world returns to normal and what this means for rental tensions in a market where undoubtedly demand for space will have reduced. While prices optically show great value, balance sheet strength is the only game in town and we are being cautious to ensure that any exposure we have is to those companies with robust balance sheets able to resist significant declines in property values.

Looking ahead, we are still very excited about the potential return opportunities from the various asset class building blocks. Yields from just holding the existing assets should enable double-digit returns for the foreseeable future, with capital gains potential on top of that. While there is always risk in markets, the return potential is such that we have significantly increased the risk asset exposures in the Fund to take advantage of this mispricing.

**Portfolio managers**

**Neville Chester and Nicholas Stein**

as at 30 September 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](http://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 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 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](http://www.coronation.com)

**IMPORTANT INFORMATION REGARDING TERMS OF USE**

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