CORONATION PROPERTY EQUITY FUND

Fund Information as at 31 August 2021

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WHAT IS THE FUND'S OBJECTIVE?

The Property Equity Fund seeks to maximise long-term growth from investing in South African listed property companies. The fund aims to outperform the JSE All Property Index.

WHAT DOES THE FUND INVEST IN?

The fund primarily invests in companies that earn the main part of their revenue from owning, managing or developing properties.

It only invests in companies listed on the Johannesburg Stock Exchange, which may include foreign property companies that are listed locally.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

8/10
Aggressive

Maximum growth/
minimum income exposures

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

The fund's investment returns come from both growth in the share prices of property companies, and income (primarily earned from rentals) paid out by these companies.

Property shares are carefully selected to offer sustainable income and superior capital growth over the long term.

Shares can be volatile investments and there is a risk of capital loss over the short term. The fund's income distributions may also fluctuate due to a number of factors, including changes in the property market and interest rates.

It should typically be viewed as a component of an overall investment portfolio, and not as an investor's only investment.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is three years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- require exposure to property as part of a diversified investment portfolio;
- are comfortable with being fully invested in property companies listed in SA;
- accept the volatility and possible short-term losses associated with an investment in shares;
- seek a regular income.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% (excl. VAT) is payable.

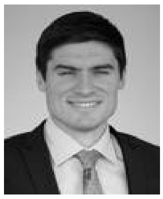
Fund expenses that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

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?

ANTON DE GOEDE
CFA, FRM



MAURO LONGANO
BScEng (Hons), CA(SA)

GENERAL FUND INFORMATION

Launch Date	20 November 2000
Fund Class	A
Benchmark	FTSE/JSE All Property Index
Fund Category	South African – Real Estate – General
Regulation 28	Does not comply
Income Distribution	Quarterly (March, June, September, December)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORPPEQ
ISIN Code	ZAE000026993
JSE Code	CPEF

CORONATION PROPERTY EQUITY FUND

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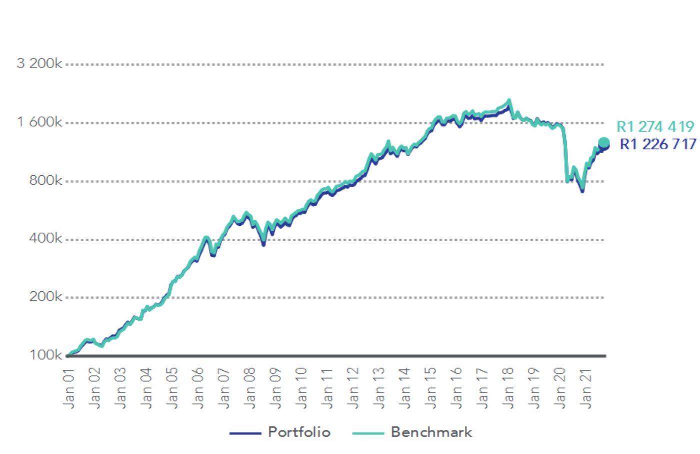
CLASS A as at 31 August 2021

Fund category	South African - Real Estate - General
Launch date	20 November 2000
Fund size	R904.63 million
NAV	3476.28 cents
Benchmark/Performance Fee Hurdle	FTSE/JSE All Property Index
Portfolio manager/s	Anton de Goede and Mauro Longano

	1 Year	3 Year
Total Expense Ratio	1.44%	1.44%
Fund management fee	1.24%	1.24%
Fund expenses	0.02%	0.02%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.05%	0.05%
Total Investment Charge	1.49%	1.49%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2021
Domestic Assets	100.0%
Equities	1.0%
Real Estate	1.0%
Real Estate	98.0%
Cash	1.1%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1126.7%	1174.4%	(47.7)%
Since Launch (annualised)	12.8%	13.0%	(0.2)%
Latest 20 years (annualised)	12.3%	12.4%	(0.1)%
Latest 15 years (annualised)	8.4%	8.4%	0.0%
Latest 10 years (annualised)	5.0%	4.8%	0.2%
Latest 5 years (annualised)	(6.1)%	(6.3)%	0.2%
Latest 3 years (annualised)	(10.3)%	(9.1)%	(1.2)%
Latest 1 year	52.5%	52.0%	0.5%
Year to date	26.5%	28.1%	(1.6)%

TOP 10 HOLDINGS

As at 30 Jun 2021	% of Fund
Nepi Rockcastle Plc	17.7%
Growthpoint Properties Ltd	15.7%
Fortress Income Fund Ltd A	9.4%
Redefine Income Fund	8.6%
Mas Real Estate Inc	5.7%
Equites Property Fund Ltd	5.5%
Vukile Property Ltd	5.1%
Atterbury Investment Holdings	4.5%
Investec Limited	4.1%
Echo Polska Properties N.V	3.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	17.3%	17.8%
Sharpe Ratio	0.29	0.29
Maximum Gain	54.8%	41.0%
Maximum Drawdown	(63.9)%	(64.9)%
Positive Months	64.3%	63.9%

	Fund	Date Range
Highest annual return	53.6%	Apr 2005 - Mar 2006
Lowest annual return	(55.4%)	Nov 2019 - Oct 2020

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Taxable Income
30 Jun 2021	01 Jul 2021	45.26	0.00	45.26
31 Mar 2021	01 Apr 2021	18.70	12.32	6.37
31 Dec 2020	04 Jan 2021	38.41	0.81	37.60
30 Sep 2020	01 Oct 2020	0.74	0.11	0.62

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	(3.1)%	6.6%	2.7%	10.2%	(1.8)%	3.3%	(0.8)%	7.4%					**26.5%**
Fund 2020	(3.5)%	(15.9)%	(36.8)%	4.4%	(2.0)%	13.0%	(4.4)%	(8.7)%	(5.4)%	(7.0)%	19.2%	14.9%	**(37.7)%**
Fund 2019	7.7%	(3.7)%	(2.1)%	1.9%	(2.1)%	1.3%	(2.7)%	(2.9)%	1.4%	2.9%	(0.5)%	(1.5)%	**(0.9)%**
Fund 2018	(6.5)%	(7.6)%	1.0%	6.3%	(5.3)%	(3.1)%	(0.8)%	2.5%	(1.9)%	(0.8)%	(3.9)%	(1.1)%	**(20.0)%**
Fund 2017	1.3%	(0.1)%	0.1%	0.6%	0.2%	(0.2)%	3.2%	0.1%	1.2%	1.7%	0.9%	4.5%	**14.1%**

Issue date: 2021/09/09

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.

The property sector maintained its momentum of the first quarter of 2021 (Q1-21) into the second quarter, delivering a return of 11.1% for Q2-21 and resulting in a year-to-date return of 20.1%. With the initial Covid-19 sector recovery occurring in Q2-20, the 12-month return was lower than at the end of the prior quarter but still came through with a strong showing of 25.6% at end-June. Despite the continued recovery, the sector is still down 22.6% since the start of 2020, illustrating the severity of the initial selloff. From a relative performance point of view, the sector is gradually gaining ground against both the JSE All Share Index and All Share Bond Index over the medium term and is even positive against both indices over a 12-month period. The All Share Property Index's one-year forward dividend yield is 7.8%.

The sector continued to benefit from the economic recovery trade, which has boosted listed property markets globally. However, the continued strong return was better than our expectations as the vaccination rollout in South Africa (SA) has been much slower than in many developed countries, where the bulk of the recovery trade has been experienced. In addition, this strong return was despite sector specialist unit trusts mostly experiencing negative capital flows. Stocks that outperformed this quarter were mostly larger, more liquid names or those most exposed to the recovery, especially those companies exposed to retail properties. In addition, some of those companies that outperformed did so on the back of better-than-expected results.

With a return of 11.9% during Q2-21, the Fund outperformed the benchmark, gaining marginal ground against the benchmark over the one- and five-year return periods. The Fund benefited from its overweight positioning in most of the A-shares and Attacq and Investec Property. We also have a non-benchmark position in Spear REIT that performed strongly after a good set of results. Our relative positioning in Resilient, SA Corporate, Fortress A and Fairvest detracted value during Q2-21. During the period, the largest increase in exposure occurred in Growthpoint, Capital & Counties and Equities. We did reduce our exposure to Capital & Counties to zero in Q1-21, but the speed at which the UK is benefiting from its vaccination rollout made us reconsider our view and initiate a position once more. The largest reduction in exposure occurred in Redefine, NEPI Rockcastle and MAS.

Those companies with February and March reporting periods reported results mostly in line with expectations, and as already mentioned, some even a touch better, especially those related to essential and convenience retailing. The reported weighted-average distributable earnings per share came in 8.3% lower, supported by a few offshore domiciled names. The dividend per share and the payout ratio was 2.7% lower and sitting at 86.9% for those companies that actually declared dividends, as many companies with interim reporting periods are waiting for their full-year results before deciding on declaring a dividend. Note that although Covid-19 rental discounts are much less than initially granted at the height of the first lockdown in SA, the comparable period on which distributable earnings growth is calculated is still predominantly pre-Covid-19.

After very little news on the corporate action front due to Covid-19, the quarter saw a resurgence in potential activity. Fairvest is looking to merge with Arrowhead after acting on approaches by Arrowhead B shareholders due to their disapproval of management accountability. In turn, Tower is entertaining an offer to be acquired by RDC Properties, which, despite being Botswana-listed, already has exposure to SA property. I-Group, the largest shareholder in Emira, and Resilient, the largest shareholder in Lighthouse, have both breached shareholding percentages, which triggered mandatory offers of 915c and 713c per share, respectively. These offers are part technical and opportunistic in nature, like the mandatory offer Texton made to shareholders in 2020, but it did provide an underpin to the respective share prices.

MSCI released its annual SA Property Index for 2020 during April, which gives an indication of direct property returns. Although it is backward-looking, it does provide a good barometer of the health of the SA property market. Total returns for direct property came in at -3.0% versus 7.9% for 2019, the worst year on record since the index started in 1995. The total return is split 7.2% income return and -9.6% capital (vs. 8.1% income and -0.3% capital in 2019). Per tertiary sector, total returns were industrial at 1.1%, followed by office at -1.8%, residential at -3.0% and retail at -4.4%. All Property vacancies increased from 7.0% to 8.7%, with most sub-categories increasing.

In turn, SAPOA published its Q1-21 office vacancy survey. Nationally, vacancies increased from 13.3% to 14.2% over the quarter (net negative absorption of 187 000 square meters [sqm]) and increased from 11.6% to 14.2% year on year (y-o-y). Most regions and grades increased vacancies over the quarter except for Durban and Port Elizabeth. From a grade level, Premier grade vacancies are now at 11.7%, up from 4% in 2016. Sandton, with a vacancy rate of 20.2%, makes up 15% of all the office vacancies in SA. Median rentals increased 0.8% y-o-y to R127/sqm while developer asking rentals increased by 4.8% y-o-y to R236/sqm. Development under construction is at 43 000 sqm - this is just 0.2% of existing stock and has come down from the previous high of 6% in 2015. With the weak tenant market, it is not surprising that speculative stock makes up only 36% of the development under construction.

In the short term, the sector should find support in a short-term bounce in earnings as the base effect of the Covid-19 discount works itself through. Discounts provided in the last few months have been noticeably less than at the start of the pandemic, but the most recent third wave-related lockdown and associated pressure on especially entertainment and hospitality tenants could result in a small spike in discounts once more. Low interest rates provide some reprieve for distributable earnings, which could continue for another two- to three years as interest rate swaps entered during a higher interest rate cycle roll-off. The broader concern is that the operational earnings pressure the sector is under due to Covid-19, be it from discounts, operating cost pressure or increased vacancies, will not dissipate hastily. Therefore, it will require another round of results, even beyond the ones expected in Q3-21, to judge the sustainability of the distributable earnings recovery post-Covid-19.

While listed property peers globally, especially in the US, Europe and the UK, continue to benefit from the positive economic recovery trade, the local economic recovery is still in second gear. A stronger economic boost is required for the sector to forge ahead from current levels, but it seems to have found some base level after what could be deemed a somewhat surprisingly strong quarter.

Portfolio manager
Anton de Goede
as at 30 June 2021

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

The Property Equity 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. 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. Taxable income includes interest income and income earned from REITs. 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.

BENCHMARK DETAILS

The benchmark used for performance purposes is FTSE/JSE All Property Index.

Note that we use the formal SA – Real Estate – General category benchmark as specified in the ASISA Standard on Fund Classification, which is currently the FTSE/JSE SA Listed Property 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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