CORONATION TOP 20 FUND

Fund Information as at 31 August 2021

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

Top 20 aims to outperform the equity market over the long term.

WHAT DOES THE FUND INVEST IN?

The fund's managers actively seek out attractively valued shares that could offer strong long-term growth.

The fund would typically hold shares in a maximum of 20 companies selected from all equities listed on the JSE. Its investments will therefore always be concentrated and limited to shares in large companies listed in South Africa.

While investments in foreign markets are specifically excluded, the fund can invest in foreign companies that are listed locally. 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 remain 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

8/10
Aggressive

Maximum growth/
minimum income exposures

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

The fund can only invest in shares that are listed in South Africa. As a result, it cannot provide diversification into other asset classes or geographies. While the fund can invest in smaller companies, it is expected to always have an allocation biased towards larger companies.

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

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 in large companies listed in SA;
- accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- are holding Top 20 as one of multiple equity funds in their investment portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.50% and a maximum of 3.00%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of its benchmark, a fee of 1.00% will be charged. We share in 20% of performance above the benchmark, up to a maximum total annual fee of 3.00%. Performance is measured over a rolling 24-month period.

When the fund return is below the benchmark over a rolling 60-month period the fee is discounted by 0.50%.

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 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?

NEVILLE CHESTER
BCom, CA (SA), CFA

NICHOLAS STEIN
CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	2 October 2000
Fund Class	A
Benchmark	FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX)
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	CORTP20
ISIN Code	ZAE000026431
JSE Code	CNTF

CORONATION TOP 20 FUND

CORONATION
TRUST IS EARNED™

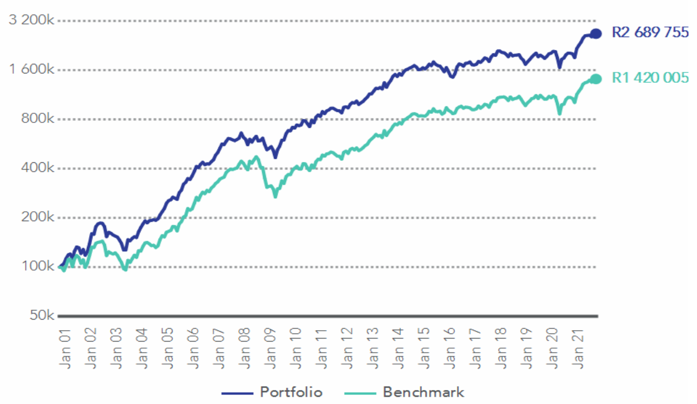
CLASS A as at 31 August 2021

Fund category	South African - Equity - General
Launch date	02 October 2000
Fund size	R23.23 billion
NAV	17196.85 cents
Benchmark/Performance Fee Hurdle	FTSE/JSE Capped Shareholders Weighted All Share Index
Portfolio manager/s	Neville Chester and Nicholas Stein

	1 Year	3 Year
Total Expense Ratio	0.84%	0.99%
Fee for performance in line with benchmark	0.99%	0.99%
Adjusted for out/(under)-performance	(0.27)%	(0.14)%
Fund expenses	0.01%	0.01%
VAT	0.11%	0.12%
Transaction costs (inc. VAT)	0.30%	0.27%
Total Investment Charge	1.14%	1.26%

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)	2589.8%	1320.0%	1269.8%
Since Launch (annualised)	17.0%	13.5%	3.5%
Latest 20 years (annualised)	16.4%	13.6%	2.8%
Latest 15 years (annualised)	12.8%	10.8%	2.0%
Latest 10 years (annualised)	11.5%	11.5%	0.0%
Latest 5 years (annualised)	8.7%	8.3%	0.3%
Latest 3 years (annualised)	10.4%	8.5%	1.9%
Latest 1 year	31.8%	29.8%	2.0%
Year to date	17.6%	18.8%	(1.1)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.4%	17.4%
Sharpe Ratio	0.56	0.32
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	61.4%	59.8%

	Fund	Date Range
Highest annual return	68.9%	May 2005 - Apr 2006
Lowest annual return	(31.7%)	May 2002 - Apr 2003

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2021
Domestic Assets	100.0%
Equities	100.0%
Basic Materials	29.4%
Consumer Goods	4.8%
Health Care	3.0%
Consumer Services	13.8%
Financials	33.4%
Technology	9.2%
Consumer Staples	2.6%
Energy	3.8%
Cash	0.0%

TOP 10 HOLDINGS

As at 30 Jun 2021	% of Fund
Naspers Ltd	14.0%
Anglo American Plc	10.6%
Glencore Xstrata Plc	8.4%
Nedbank Ltd	8.3%
Standard Bank Of SA Ltd	6.5%
Momentum Metropolitan Holdings	6.3%
Impala Platinum Holdings Ltd	5.6%
British American Tobacco Plc	5.2%
Quilter Plc	5.0%
Exxaro Resources Ltd	4.5%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2021	01 Apr 2021	14.42	14.41	0.01
30 Sep 2020	01 Oct 2020	192.26	191.91	0.35
31 Mar 2020	01 Apr 2020	165.16	164.91	0.25
30 Sep 2019	01 Oct 2019	248.39	247.74	0.65

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	4.5%	5.8%	3.5%	0.3%	0.4%	(2.3)%	3.5%	1.1%					**17.6%**
Fund 2020	(0.4)%	(8.8)%	(12.4)%	12.4%	1.8%	4.8%	2.4%	(0.3)%	(0.7)%	(5.3)%	13.5%	5.0%	**9.0%**
Fund 2019	3.2%	3.5%	3.1%	2.6%	(5.1)%	2.3%	(2.0)%	(2.6)%	2.8%	3.9%	0.8%	2.8%	**15.8%**
Fund 2018	(0.3)%	(2.1)%	(3.4)%	4.8%	(3.4)%	0.9%	0.2%	0.6%	(4.8)%	(2.8)%	(5.7)%	3.8%	**(12.2)%**
Fund 2017	4.2%	(1.5)%	3.0%	3.6%	(1.1)%	(3.9)%	6.8%	3.2%	(1.1)%	6.3%	0.1%	(2.1)%	**18.1%**
Fund 2016	(1.4)%	4.8%	10.3%	4.3%	(1.0)%	(2.3)%	4.2%	0.3%	1.8%	(4.0)%	(0.3)%	1.0%	**18.3%**
Fund 2015	2.7%	4.2%	(2.2)%	5.5%	(3.4)%	(1.8)%	(0.6)%	(3.7)%	(4.2)%	6.1%	(5.6)%	(6.2)%	**(9.8)%**
Fund 2014	(2.4)%	4.6%	3.0%	1.3%	1.6%	1.3%	2.1%	(2.2)%	(3.7)%	0.6%	2.3%	(1.6)%	**6.8%**
Fund 2013	3.9%	(0.6)%	1.6%	(2.1)%	9.4%	(6.4)%	6.1%	4.0%	6.0%	2.7%	(2.8)%	4.2%	**27.9%**
Fund 2012	5.3%	2.5%	(0.6)%	2.8%	(4.7)%	2.4%	2.0%	3.4%	2.7%	4.6%	0.1%	4.1%	**26.9%**

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.

For the first half of 2021, the Fund has returned 12.4% against the benchmark return of 13.5%. We always strive to manage the Fund with a long-term time horizon in mind. Alpha since inception has been 3.6% per annum, net of fees.

For the quarter, the Fund benefited from being overweight certain SA Inc holdings such as Nedbank and Momentum Metropolitan. At a portfolio level, being underweight SA Inc detracted. Naspers also detracted from performance.

On the domestic front, news flow has (for once!) been meaningfully positive. The political reform agenda is gathering pace. We have seen senior politicians side lined and former president Jacob Zuma found guilty of contempt of court and facing possible jail time.

Tied to the above, meaningful economic reform has been announced that seemed so unlikely only a short time ago, given the ideological barriers being crossed. President Cyril Ramaphosa's announcement lifting the threshold for companies to produce their own electricity without a licence to 100MW has the potential to materially transform power generation in a relatively short space of time and help with crippling loadshedding.

The sale of SAA to a consortium run by the former CEO of Comair, should it conclude, is a positive. This will see a reduced call on the fiscus going forward, with Telkom serving as a good example of a company run well in private hands with limited government interference.

High commodity prices provide a tailwind to revenue collection, which will, in turn, assist with public sector wage austerity and help deal with our high government debt levels.

All of these factors drove up the share prices of SA Inc assets over the quarter. We were net buyers of SA Inc shares over the quarter, increasing our exposure to Sanlam and the banks. Given the strong turnaround in the banking sector operating performances and yet the poor performance in their share prices, we increased our exposure to the sector. Given our meaningful positions in Nedbank and Standard Bank, we chose to increase the exposure through a new position in FirstRand.

We are still not overweight SA as we do see the need to temper some of the SA Inc enthusiasm. The slow pace of our vaccine rollout puts us at a disadvantage compared to other nations, who are seeing returns to normalisation and a more meaningful economic rebound. SA has large tourism, leisure and hospitality sectors, which employ many workers. These sectors remain depressed with a long, drawn-out recovery ahead.

SA also faces numerous structural challenges, many long-term in nature. Failing infrastructure and failing municipalities remain a challenge. High unemployment and dismal schooling outcomes both require high growth rates and a long time frame to fix. While the reform news has been positive, the pace remains slow given the magnitude of the country's challenges.

As always, we seek to build portfolios that can withstand a range of outcomes. Our SA Inc holdings sit alongside great global businesses, growing strongly at attractive valuations; and mining shares, which also have attractive valuations and material free cash flow yields.

On the commodity front, recent news flow has been dominated by the Chinese government's attempts to cool commodity prices. High iron ore, steel and coal prices benefit producers of those minerals but lead to inflation and other imbalances that China is attempting to manage. The two main levers they have used is to a) talk down commodity prices by cracking down on "excessive" financial speculation in commodity markets and b) sell strategic stockpiles of certain metals. Prices of most metals and minerals have corrected over the quarter, suggesting they have had some success. On point a) Our views are that the financial speculation introduces price noise, with prices overshooting and undershooting "the real price", i.e. the one set by underlying supply and demand factors. To this end, demand has remained robust (if slowing a bit off a strong base), and supply discipline remains intact. As such, we expect China's attempts to show only moderate and short-term success. To truly cool prices, China would need to demand fewer metals and minerals. This requires lower growth, with growth being sacrosanct to the Chinese government. On point b) stockpile sales have been small. Ultimately, they would need to be replaced in future, resulting in "excess" demand then.

Despite the fact that we view commodity prices as high, we don't view the share prices as high. The market has taken quite a sceptical approach to this cycle, with share prices lagging commodity prices, resulting in shares trading on undemanding multiples. Put differently, the share prices are discounting commodity prices well below spot (and in many cases below of our base case for where they settle). Supply discipline and generous free cash flow yields add to the appeal of the investment cases.

Our diversified mining positioning remains anchored by Anglo American (good assets in good commodities, good cost position, good volume growth), Exxaro (extremely cheap, limited investment in thermal coal supply should support prices) and Glencore (improving ESG, good commodities exposed to decarbonisation). During the quarter, we rotated some of our Exxaro position into Glencore. We approve of Glencore's stance to manage and responsibly run down its coal assets over time. This is in contrast to Anglo American's stance to spin off their SA coal assets (which we voted against) as more thermal coal will be produced by Thungela than would have been produced had Anglo American elected to retain the assets.

We continued adding to our gold position. We view gold as cheap insurance in a time of heightened risk and find valuations compelling. We had long seen gold equities trade at multiples of NPV. We now see them at discounts using spot prices and see upside risks to the gold price.

Naspers declined more than 15% over the last quarter. This decline followed a strong run in Q1, which left Naspers flat for the first six months of the year. Two factors have been the dominant contributors to this underperformance; the first is the Naspers/Prosus share swap announced in May and the second the Chinese authorities putting in place tighter controls on technology firms when it comes to deemed monopolistic behaviour and data security. There is a concern in the market that the Naspers/Prosus share swap creates added complexity and may orphan the Naspers asset. We believe that it will not be the final iteration and that, down the line, more steps will be taken specifically to unlock the discount at the Naspers level should it persist.

While there has been no direct action by the Chinese regulators on Tencent, some subsidiary companies have been reviewed, and the risk remains that, at some point, Tencent receives similar attention. We do not dismiss this risk but believe that the impact on Tencent's three key business verticals is unlikely to materially reduce the asset's long-term value, especially when bought at a large discount through Naspers/Prosus. In the gaming business, the Chinese government has already tightened regulations, and Tencent are compliant; they also have a strong international component to this business. Stringent consumer data protection within Weixin and the open nature of this platform reduce the likelihood that the advertising business is targeted. We see the risk of regulatory intervention as highest in the fintech business; here, we gain comfort that payments, which carry a lower regulatory risk than other financial products, make up 70% of the business and the non-payments business is in line with new regulation. There is a lot of uncertainty, but our analysis leads us to believe that Tencent is on the right side of the regulatory bodies.

We remain encouraged by the risk-adjusted opportunities we see and the upside potential in the Fund. The current upside remains high relative to history and suggests compelling future returns from the portfolio.

Portfolio managers
Neville Chester and Nicholas Stein
as at 30 June 2021

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION TOP 20 FUND

The Top 20 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.

From 1 April 2021 to 31 March 2022, the lowest of the performance-related fee calculated using CAPI or C-SWIX as the benchmark will be accrued daily. From 1 April 2022, only the performance fee calculated using C-SWIX as the benchmark will apply.

HOW ARE THE BENCHMARK RETURNS CALCULATED?

From 1 April 2021 the fund's benchmark is the FTSE/JSE Capped Shareholders Weighted All Share Index which replaces the FTSE/JSE Capped All Share Index. The benchmark returns shown in this MDD will be spliced between the previously applicable index values (includes the Top 40 Index up to 30 September 2015 and CAPI up to 31 March 2021) and the new index returns from 1 April 2021.

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

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.