

## 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

Maximum growth/  
minimum income exposures

The Top 20 Fund focuses on a limited number of shares we believe are attractively valued and offer superior long-term growth, and avoid those shares that we view as least attractive. Consequently, its investment performance will often look very different from that produced by the overall market.

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](http://www.coronation.com).

## WHO ARE THE FUND MANAGERS?



**NEVILLE  
CHESTER**  
BCom, CA (SA), CFA



**NICHOLAS  
STEIN**  
CA (SA), CFA

## GENERAL FUND INFORMATION

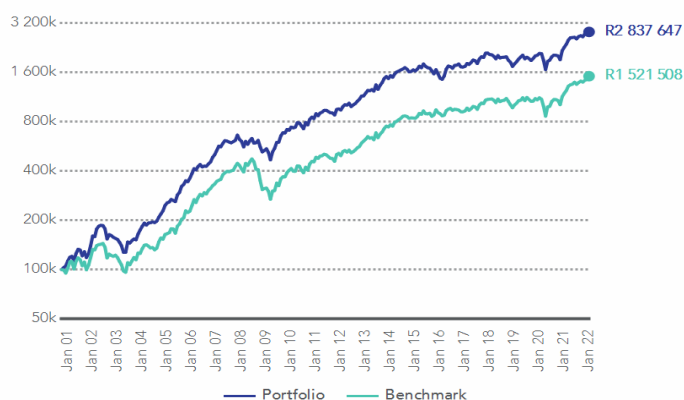
Launch Date	2 October 2000
Fund Class	A
Benchmark	FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX)
Fund Category	South African – Equity – General
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORTP20
ISIN Code	ZAE000026431
JSE Code	CNTF

CLASS A as at 31 December 2021

<b>Fund category</b>	South African - Equity - General
<b>Launch date</b>	02 October 2000
<b>Fund size</b>	R24.48 billion
<b>NAV</b>	17728.43 cents
<b>Benchmark/Performance</b>	FTSE/JSE Capped Shareholders
<b>Fee Hurdle</b>	Weighted All Share Index
<b>Portfolio manager/s</b>	Neville Chester and Nicholas Stein

## 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)	2737.7%	1421.5%	1316.1%
Since Launch (annualised)	17.1%	13.7%	3.4%
Latest 20 years (annualised)	15.4%	13.0%	2.5%
Latest 15 years (annualised)	11.8%	10.4%	1.4%
Latest 10 years (annualised)	11.6%	11.8%	(0.2)%
Latest 5 years (annualised)	10.2%	10.3%	(0.1)%
Latest 3 years (annualised)	16.2%	14.4%	1.8%
Latest 1 year	24.1%	27.2%	(3.1)%
Year to date	24.1%	27.2%	(3.1)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.3%	17.3%
Sharpe Ratio	0.57	0.34
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	61.2%	60.0%

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

## 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%	(1.5)%	4.7%	(1.8)%	4.2%	24.1%
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%

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.81%	1.08%
Adjusted for out/(under)-performance	1.00%	0.99%
Fund expenses	0.57%	(0.07)%
VAT	0.01%	0.01%
Transaction costs (inc. VAT)	0.24%	0.14%
Total Investment Charge	0.29%	0.27%
	2.10%	1.35%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2021
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>99.8%</b>
Basic Materials	27.5%
Consumer Goods	5.1%
Health Care	3.8%
Consumer Services	14.8%
Financials	32.1%
Technology	10.4%
Consumer Staples	3.8%
Energy	2.4%
■ <b>Cash</b>	<b>0.2%</b>

## TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
Anglo American Plc	11.1%
Prosus Nv	10.4%
Nedbank Ltd	8.3%
Standard Bank Of SA Ltd	8.1%
Glencore Xstrata Plc	6.0%
Anglogold Ashanti Limited	5.1%
British American Tobacco Plc	5.1%
Momentum Metropolitan Holdings	4.9%
Naspers Ltd	4.8%
Sanlam Life Assurance Limited	4.6%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2021	01 Oct 2021	383.71	383.15	0.57
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

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

The Fund returned 7.1% for the quarter and 24.1% for the last 12 months. The Fund's long-term performance remains pleasing against both the peer group and its benchmark.

Our commodity positions (including gold) contributed to performance for the fourth quarter of 2021 (Q4-21), while underweights in MTN and Richemont detracted.

The major commodity-related news of the last quarter was the ongoing potential takeout of RB Plat, with both Northam and Impala vying for control. Initially, Impala announced they were in talks to acquire RB Plat. Subsequently, Northam surprised the market by buying RB Plat's parent company's 34.9% stake in RB Plat for R180 per share. Impala subsequently bought stakes from other shareholders and now sits with circa 35% of RB Plat shares.

We are somewhat uncomfortable with Northam paying R180 per RB Plat share, with Impala paying closer to the R150 level for their stake. Impala has contiguous operations to RB Plat and can extract meaningful synergies. Northam's operations are far from RB Plat, and it has no such opportunities. As a result, Impala should be able to offer a higher price than Northam, and our concern is that Northam overpays for the remaining stake, should they pursue this avenue. We reduced the size of our Northam holding and increased Impala during the quarter.

The gold price and gold equities performed well over the quarter. Investors grew increasingly concerned that the high levels of inflation we have seen will prove to be persistent and not transitory. This, coupled with concerns that the Fed is behind the curve in hiking rates to curb inflation, provided a buoyant environment for gold. AngloGold advanced by circa 40% over the quarter.

The diversified miners performed strongly over December, as Chinese demand for commodities stabilised and the Chinese government eased monetary policy. We reduced the size of our Glencore holding.

Along with most other emerging market currencies, the rand weakened meaningfully over the quarter (8%). This was supportive of our overweight positions in the so-called 'global shares that happen to be listed here'. This includes Anheuser Busch, Naspers and British American Tobacco.

One global share we don't own is Richemont. The Richemont share price was very strong this quarter, rising 55% on the back of very good operating results. Goods consumption has outperformed services in the post-pandemic recovery, which has been felt particularly acutely in the luxury sector. Hard luxury goods have been resilient in the recovery from the pandemic as wealthy buyers, unable to spend on international holidays, have repurposed their spending towards the category. While the runway for Richemont to keep growing the jewellery business is clear, as branded jewellery grows from low levels, we believe this is more than discounted in the current share price and that there is no room for error in the Richemont valuation. We see better risk-adjusted returns in our current global holdings.

There was little to cheer about on the domestic news front. The emergence of the Omicron variant came at a terrible time for South Africa's (SA) hospitality industry. Despite the government's sanguine approach and level-headed lockdown measures, governments around the world blocked key travel into and out of SA. Fortunately, despite record Covid-19 case counts, Omicron's mortality rate appears to be far lower. This should benefit our local life insurers. Our insurers raised provisions that assumed the Omicron wave would experience worse mortality than appears to be playing out. We added slightly to our life insurers during the quarter.

While far less exposed to the direct impact of Covid-19, a number of misgivings around the Spar investment case came to the fore during the quarter. A weak sales update implies an uncharacteristic loss of market share; an impending SAP systems implementation (these rarely go smoothly); Spar lacking a credible omnichannel offering (no online and on-demand offering); and a deteriorating balance sheet. Spar's business model conveys excellent economics (high ROEs, FCF conversion and a strong moat). We hold the management team in high regard and believe they will overcome all these challenges. However, there are a number of balls in the air at the same time, and they are up against strong competition. While we still see Spar as attractive, we no longer view it as a Top 20 idea. We sold our Spar holding during Q4-21.

In its place, we added Woolworths, a stock that has featured in the Fund before. The share has derated meaningfully versus the market over the last quarter. Woolworths has an incredibly strong SA food business that has taken consistent market share over the last decade – a trend we expect to continue. The SA and Australian clothing businesses have been a disappointment. The upshot of this is that margins here are low, with good scope for margin expansion in the future. We are encouraged by the steps new management are taking, such as reducing management layers, simplifying the clothing range, etc. Australia should also be a beneficiary of the reopening trade as they emerge from acute lockdowns. Woolworths trades on less than nine times our assessment of normal earnings.

**Portfolio managers**

**Neville Chester and Nicholas Stein**  
 as at 31 December 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](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.

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 the current financial year (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](http://www.coronation.com)

**IMPORTANT INFORMATION REGARDING TERMS OF USE**

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