CORONATION EQUITY FUND

Fund Information as at 31 March 2021

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

The fund seeks to maximise long-term capital appreciation by investing primarily in a broad spectrum of listed equities.

WHAT DOES THE FUND INVEST IN?

The Equity Fund invests in the shares of companies listed on the Johannesburg Stock Exchange. The fund can also invest 25% in international equities, plus a further 5% in Africa (outside of South Africa).

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 be 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's managers actively seek out attractively valued shares that could achieve strong investment growth over the long run. Rigorous research is conducted into the long-term potential of a company and whether it is attractively valued relative to other companies, before its shares are selected for the fund.

Shares can be volatile investments and there is a meaningful risk of capital loss over the short term. However, given its focus on attractively valued shares that could offer long-term growth, the Equity 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 listed in South Africa;
- accept that the fund may underperform the market in the short term in pursuit of superior long-term gains.
- do not require an income in the short term.
- The fund is less concentrated than the Coronation Top 20 Fund, making it more suitable for investors holding only one equity fund.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.75% and a maximum of 2.60%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of the benchmark, a fee of 1.10% will be charged. We share in 20% of the performance above the benchmark, up to a total annual fee of 2.60%. 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 0.35%.

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 fund 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?

KARL LEINBERGER
BBusSc, CA (SA), CFA

SARAH-JANE ALEXANDER
BBusSc, CFA

GENERAL FUND INFORMATION

Launch Date	15 April 1996
Fund Class	A
Benchmark	Composite: 87.5% SA equity, 12.5% International equity
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	COREQYA
ISIN Code	ZAE000058566
JSE Code	CORA

CORONATION EQUITY FUND

CORONATION TRUST IS EARNED™

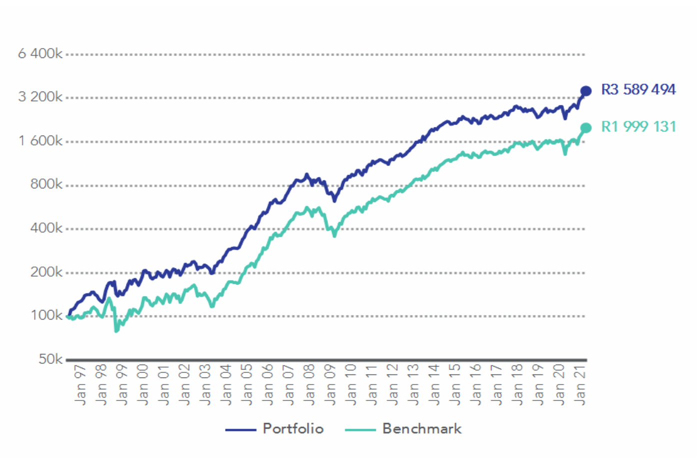
CLASS A as at 31 March 2021

Fund category	South African - Equity - General
Launch date	15 April 1996
Fund size	R 8.35 billion
NAV	21437.82 cents
Benchmark/Performance Fee Hurdle	Composite (87.5% SA equity,12.5% International equity)
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

	1 Year	3 Year
Total Expense Ratio	0.95%	1.02%
Fee for performance in line with benchmark	1.09%	1.10%
Adjusted for out/(under)-performance	(0.28)%	(0.23)%
Fund expenses	0.02%	0.02%
VAT	0.12%	0.13%
Transaction costs (inc. VAT)	0.26%	0.22%
Total Investment Charge	1.21%	1.24%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Peer Group Average
Since Launch (unannualised)	3489.5%	1899.1%	1408.6%
Since Launch (annualised)	15.5%	12.8%	11.2%
Latest 20 years (annualised)	15.9%	14.8%	13.8%
Latest 15 years (annualised)	12.3%	12.0%	8.9%
Latest 10 years (annualised)	11.8%	11.8%	8.3%
Latest 5 years (annualised)	9.1%	8.4%	4.9%
Latest 3 years (annualised)	11.5%	10.4%	5.9%
Latest 1 year	55.4%	52.2%	49.1%
Year to date	12.3%	11.8%	12.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.4%	17.5%
Sharpe Ratio	0.40	0.20
Maximum Gain	47.6%	43.5%
Maximum Drawdown	(35.1)%	(41.0)%
Positive Months	62.9%	62.9%

	Fund	Date Range
Highest annual return	62.5%	Aug 2004 - Jul 2005
Lowest annual return	(28.7%)	Mar 2008 - Feb 2009

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2021
Domestic Assets	72.8%
Equities	72.5%
Basic Materials	21.0%
Industrials	1.7%
Consumer Goods	5.2%
Health Care	1.9%
Consumer Staples	0.6%
Consumer Services	21.3%
Energy	1.9%
Utilities	0.7%
Financials	17.0%
Technology	0.6%
Derivatives	0.7%
Real Estate	0.2%
Cash	0.1%
International Assets	27.2%
Equities	27.2%
Cash	0.0%

TOP 10 HOLDINGS

As at 31 Mar 2021	% of Fund
Naspers Ltd	10.8%
Anglo American Plc	8.7%
Glencore Xstrata Plc	4.7%
FirstRand Limited	4.7%
Quilter plc	4.3%
British American Tobacco Plc	4.3%
Northam Platinum Ltd	4.0%
Bid Corp Ltd	2.4%
Momentum Metropolitan Holdings	2.0%
Shoprite Holdings Ltd	2.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2021	01 Apr 2021	300.50	298.39	2.12
30 Sep 2020	01 Oct 2020	171.35	169.38	1.96
31 Mar 2020	01 Apr 2020	177.30	168.68	8.62
30 Sep 2019	01 Oct 2019	215.79	208.40	7.39

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	3.2%	6.4%	2.4%										**12.3%**
Fund 2020	0.2%	(8.5)%	(9.9)%	12.7%	0.0%	5.4%	1.9%	3.6%	(2.4)%	(3.6)%	12.7%	4.0%	**14.2%**
Fund 2019	2.9%	4.7%	2.8%	3.1%	(6.2)%	2.9%	(0.5)%	(1.4)%	1.5%	3.7%	0.5%	2.5%	**17.2%**

Issue date: 2021/04/19

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 Fund had a good quarter, with a return of 12.3%, benefiting from both value-adding asset allocation decisions and alpha in the domestic and global equity building blocks. The Fund has performed well against its peer group over all meaningful time periods.

The Covid-19 pandemic continued to impact markets. Despite severe second and third waves in many parts of the world, markets delivered a strong first-quarter performance. Investors are anticipating a return to more normal economic activity as vaccine rollout strategies gained momentum. Virus mutations, vaccine efficacy and the duration of immunity remain risks to markets that have priced in a recovery. The MSCI All Country World Index returned 4.6% for the first quarter (Q1-21) after returning 16.3% during 2020. The S&P 500 returned 6.2% in US dollars for Q1-21. In Europe, the Eurostoxx 50 rose 6.3% despite stringent lockdowns across large parts of Europe. Given the considerable strength in global markets, the Fund reduced its holding in global equities to a neutral level.

Emerging markets (MSCI Emerging markets [EM] +2.3%) underperformed their developed market counterparts (+4.9% as measured by the MSCI World Index). Within EM, Turkey was a notable underperformer (-20.4% in US dollars) as President Erdogan replaced the country's Central Bank governor (again). This affront to central bank independence resulted in a weakening of the currency and rising bond yields. Herd immunity for EM will generally come later than that of their developed market peers, taking place in 2022 or 2023. Affordability, access to vaccines and effective procurement and distribution strategies are all headwinds. South Africa (SA) similarly has had a slow start to vaccine distribution, with vaccine timelines being extended. Effectively leveraging all available resources across the private and public sector will be critical to achieving the herd immunity required for economic normalisation.

The Fund's allocation to global equities has benefited the portfolio over time, bolstering returns and improving risk management. Key contributions to portfolio performance in Q1-21 came from investments in Covid-19 casualties. These businesses saw a meaningful decline in their share prices during 2020, as the pandemic hit their near-term earnings potential. This provided an opportunity to build stakes at prices below our assessment of fair value. We expect revenues of these Covid-19 casualties to recover strongly into 2022 as developed markets achieve herd immunity and economic activity normalises. Examples include Trip.com, MakeMyTrip and Melco Resorts and Entertainment (Melco), all of which contributed positively in Q1-21. The Fund built a considerable holding in Melco in the latter half of 2020 as travel restrictions between the Chinese Mainland and Macau left Melco's casinos empty. Melco's balance sheet was sufficiently strong to withstand the near-term earnings pressure. Costs were restructured to minimise cash losses. Despite these headwinds, our views on the long-term fundamentals of this business are unchanged. The Chinese consumer is in rude health, as evidenced by mainland luxury spend and consumers' desire to visit these assets is undiminished. We expect a strong recovery, as restrictions continue to be eased. In addition, the casinos are highly cash generative, which should drive rapid deleveraging. Despite the strong run in global markets, we continue to see opportunities such as these for stock picking.

After a marked deterioration in South Africa's (SA) fiscal metrics during 2020, Q1-21 brought improved news flow. The current account delivered a healthy surplus, backed by mining cashflows and a robust agricultural sector. Tax collection efforts exceeded expectations. The February Budget was encouraging, with a commitment to rein in expenditure, specifically the public sector wage bill that has compounded at a rate above inflation for many years. Implementation of the Budget plans will require a sustained commitment to austerity. Much needed economic growth is frustrated by load shedding, policy uncertainty and a lack of investor confidence. While the projected debt-to-GDP ratio has come in lower than expected, it remains high. The risk of a debt trap is not immaterial. This tenuous situation is reflected in SA's government bonds yielding returns well above cash. We see better value at the long end of the curve, where lower bond prices offer more protection against restructuring. The Fund is slightly underweight fixed rate government bonds, striking a balance between the attractive returns and risk.

Having increased exposure to SA equities during the third quarter of 2020, we took profits in Q1-21, given the strong run. The JSE All Share Index was up strongly (+13.1%) for the quarter and 55.6% since its March lows a year ago. Despite the selling, the Fund remains overweight SA equities given the breadth and attraction of the value on offer. Resource shares delivered 18.7% for the quarter, followed by industrials (+13.0%) and then financials (+3.8%). The Portfolio benefited from its large holding in resources.

The Fund continues to have considerable exposure to rand hedge names that remain attractive for various stock-specific reasons. Major holdings include Naspers (+17%), British American Tobacco (+4.9%), Quilter (+5.5%), Bidcorp (+8.7%), Textainer (+45.1%) and Aspen (+15.1%).

Within the SA equity building block, the Fund reduced the extent of the domestic underweight during 2020 given the move in valuations. Despite reduced medium-term prospects, domestic shares offer attractive upside to fair value. In keeping with the second half of 2020, earnings results from domestic shares have exceeded our expectations in the first quarter. We believe exciting stock-picking opportunities exist, as strong players use the crisis to become even stronger. This was evident in the results of a business such as Shoprite (+12.2% for the quarter), which delivered strong topline growth and resilient gross profit margins despite economic headwinds.

SA's banks have navigated the crisis well. Books appear well provided as borrowers resume debt repayments and low interest rates improve affordability. Capital ratios remain healthy, and future earnings should be well supported given the level of provisioning. Despite sector earnings roughly halving over 2020, Standard Bank and FirstRand returned to paying dividends. The outlook for advances growth is muted, given constrained economic growth. Slow vaccine rollout and possible retrenchments pose additional risks to economic recovery. Life insurers were forced to make additional Covid-19 provisions as a second wave drove a spike in mortality. As with the banks, life insurer balance sheets remain well capitalised. Sanlam, Momentum Metropolitan Holdings and Old Mutual declared dividends. Momentum Metropolitan (+12.1%) remains an attractive investment, trading at a meaningful discount to embedded value. While additional Covid-19 provisions detracted from results, we believe that management's actions are delivering underlying operational improvement. Despite the selloff in property shares, we have not built up the position, given concerns over the long-term outlook for rentals and weak balance sheets.

Within the resources sector, the Fund benefited from its overweight position in the diversified miners and underweight holdings in gold. Anglo American and Glencore rose 22% and 24%, respectively. Resource shares remain a meaningful part of equity exposure despite their outperformance. Our investment thesis is unchanged; undemanding valuations, solid free cash flow (FCF) and tight markets.

Commodity demand is expected to remain robust, given Asian resilience and a recovery in the rest of the world. Joe Biden's presidency should strengthen the US's commitment to transitioning away from fossil fuels. Battery metals have an important role to play in decarbonising the world's energy mix. We expect copper and cobalt to be particularly tight as this shift accelerates. Glencore (+24%) should be a key beneficiary.

The platinum group metal (PGM) holdings in the Portfolio (Northam +22.8% for Q1-21, Impala Platinum +40.7% for Q1-21) performed well. Metal prices remain high given growing demand, supply disruptions and a decade of underinvestment. We have trimmed the positions, but remain invested, given anticipated high levels of cash return.

Equity markets have rebounded strongly off the lows of a year ago. While we have trimmed equity exposure, we remain overweight and continue to see exciting investment opportunities for stock pickers. We believe that these will deliver compelling returns for investors in the coming years.

Portfolio managers
Karl Leinberger, Sarah-Jane Alexander
as at 31 March 2021

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

The Equity 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. Class A NAV prices were used for the period prior to the launch of Class P. 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- adjusted fee calculated using CAPI or C-SWIX as the SA Equity component of the benchmark will be accrued daily. From 1 April 2022, only the performance-adjusted fee calculated using C-SWIX as the SA Equity component of the benchmark will apply.

The peer group average is calculated as the average return of all the funds in the respective ASISA category (excluding Coronation Funds in that category)

HOW ARE THE BENCHMARK RETURNS CALCULATED?

From 1 April 2021 the SA equity component of the composite benchmark is the FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX) which replaces the FTSE/JSE Capped All Share Index (CAPI). The benchmark returns shown in this MDD will be spliced between the performance of the previously applicable index values and that of the new composite benchmark using C-SWIX 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