

## WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in a select group of resource companies. It seeks to outperform an index of resource companies listed on the Johannesburg Stock Exchange (the JSE Resources Index) over the longer term.

## WHAT DOES THE FUND INVEST IN?

The fund will remain fully invested in a broad range of resource and basic materials industry shares that are affected by changes in the commodity cycle. This includes companies involved in mining, minerals, energy, natural resources and other commodities. 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 fund's managers actively seek out attractively valued companies that could offer strong long-term growth. The fund reflects Coronation's best investment views in the resource sector.

Shares are selected following rigorous research into the long-term potential of a company. Shares can be volatile investments, and the cyclical demand for commodities can add to the risk of capital loss.

The fund is concentrated and only invests in one sector of the market, making it riskier than a general equity fund.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of five years or more is therefore ideal.

## WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth and

- want to diversify their investments to include specific exposure to the resource sector;
- believe that resource shares offer compelling value;
- accept the cyclical nature of commodity demand and the resulting increased risk of short-term losses;
- want to hold the Resources Fund as one of multiple funds in their investment portfolio.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.00% (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](http://www.coronation.com).

## WHO IS THE FUND MANAGER?



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



**NICHOLAS HOPS**  
BbusSc, CFA

## GENERAL FUND INFORMATION

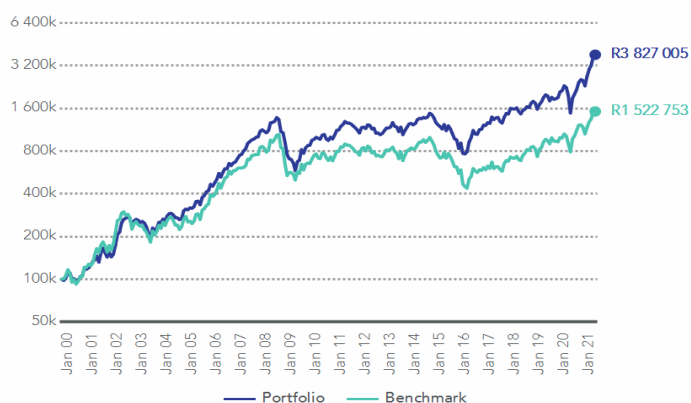
Launch Date	1 October 1999
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Resources Index
Fund Category	South African – Equity – Resources
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORVALU
ISIN Code	ZAE000022877
JSE Code	CCGF

CLASS P as at 31 March 2021

<b>Fund category</b>	South African - Equity - Resources
<b>Launch date</b>	01 October 1999
<b>Fund size</b>	R 1.46 billion
<b>NAV</b>	24312.32 cents
<b>Benchmark/Performance</b>	FTSE/JSE Africa Resources Index (TR)†
<b>Fee Hurdle</b>	
<b>Portfolio manager/s</b>	Nicholas Stein and Nicholas Hops

## 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)	3727.0%	1422.8%	2304.2%
Since Launch (annualised)	18.5%	13.5%	5.0%
Latest 20 years (annualised)	18.3%	12.2%	6.2%
Latest 15 years (annualised)	13.6%	8.0%	5.5%
Latest 10 years (annualised)	11.7%	5.6%	6.1%
Latest 5 years (annualised)	30.9%	23.4%	7.5%
Latest 3 years (annualised)	37.7%	30.5%	7.3%
Latest 1 year	157.7%	92.5%	65.2%
Year to date	27.0%	18.7%	8.3%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	24.2%	26.3%
Sharpe Ratio	0.43	0.20
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	59.3%	55.8%

	Fund	Date Range
Highest annual return	157.7%	Apr 2020 - Mar 2021
Lowest annual return	(54.2)%	Mar 2008 - Feb 2009

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	7.0%	13.9%	4.2%										27.0%
Fund 2020	(2.8)%	(12.2)%	(24.7)%	26.9%	7.3%	7.2%	12.3%	4.9%	(1.0)%	(8.7)%	16.4%	12.3%	30.3%
Fund 2019	4.4%	6.9%	4.8%	(1.6)%	(7.9)%	6.1%	(3.2)%	1.0%	1.8%	9.7%	2.1%	8.2%	35.4%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.17%	1.19%
Fund expenses	0.99%	1.00%
VAT	0.02%	0.05%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.44%	0.31%
	1.61%	1.50%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2021
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>99.3%</b>
Basic Materials	85.1%
Energy	9.5%
Utilities	4.6%
■ <b>Cash</b>	<b>0.7%</b>

## TOP 10 HOLDINGS

As at 31 Mar 2021	% of Fund
Anglo American Plc	24.4%
Northam Platinum Ltd	10.6%
Glencore Xstrata Plc	10.0%
Impala Platinum Holdings Ltd	9.6%
Exxaro Resources Ltd	9.5%
Royal Bafokeng Platinum Ltd	9.5%
Anglogold Ashanti Limited	4.9%
Montauk Energy Holdings Llc	4.6%
Sappi Southern Africa Pty Ltd	3.9%
Bhp Billiton Plc	3.7%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2021	01 Apr 2021	1,469.40	1,466.84	2.56
30 Sep 2020	01 Oct 2020	196.87	184.16	12.72
31 Mar 2020	01 Apr 2020	250.55	244.05	6.50
30 Sep 2019	01 Oct 2019	94.53	94.21	0.32

The first quarter of 2021 was a strong one, both from an absolute and relative perspective for the Fund. The Fund returned 27% for the three-month period against a benchmark return of 18.7%. The Fund's long-term track record remains compelling, with it performing well against both its peer group and the benchmark over most meaningful periods.

For the quarter, the Fund benefited from overweight holdings in the platinum group metal (PGM) shares and underweight holdings in gold shares (our overweight in Pan African Resources detracted).

This quarter a year ago, we wrote about the onset of Covid-19 and the uncertainties the world faced. It is amazing the difference a year makes. While there has been a tragic loss of life, human ingenuity in the pace of vaccine response has been a positive surprise, as has the fiscal response from governments worldwide. Cheap money, general optimism and strong infrastructure spend have been conducive to higher commodity prices. The market was clearly overly pessimistic in its reading of the pandemic response. The resources index is up 93% from a year ago (with the Fund up 158%).

Turning to this quarter, the diversified miners performed well, with Anglo American, BHP Billiton and Glencore up 22%, 13% and 24%, respectively. Iron ore remains well supported as Chinese infrastructure spend remains strong, rest-of-world demand rebounds and Vale's production continues to ramp up slowly. Increasing awareness is being brought to battery materials and their role in assisting the world in decarbonising. This theme has been enhanced by a Joe Biden presidency in the US. President Biden is likely to recommit the US as a global leader in transitioning economies away from fossil fuels. While periods of price weakness might be experienced in the early part of the decade (where decarbonisation demand is a smaller part of total demand), we would expect persistent deficits in the latter half, particularly in copper and cobalt. We added to our Anglo American holding during the quarter. We believe the market underappreciates their commodity mix, cost position in most commodities and their value-enhancing growth pipeline.

Energy stocks Exxaro and Sasol rose 25% and 58%, respectively, over the quarter. We think Exxaro's capital allocation track record exceeds its reputation. This was further demonstrated by a well-timed sale of non-core Tronox, with most of the proceeds being returned to shareholders via buybacks and a special dividend. We expect further capital returns should the sale processes at ECC and Leeuwpans conclude successfully. Including ordinary dividends, Exxaro would then have returned circa 25% of its market cap to shareholders in a 12-month window. We added to our Exxaro position during the quarter. Sasol's share price rallied strongly on the back of an oil price recovery and the market no longer assuming the need for a rights issue. At current prices, we think the market is underappreciating the longer-term risks around environmental capex, potential capex to diversify away from their current operations and potential loss of cheap Mozambiquan gas supply. We sold out of Sasol during the quarter.

PGMs performed well this quarter on the back of strong PGM pricing. This was led by a strong rhodium price. A decade of underinvestment cannot be remedied quickly. Companies have started to announce expansion projects, but these will take time to land. Demand for the metals remains robust on increasing PGM loadings in the autocatalyst industry. The supply issues at Norilsk Nickel, the world's largest palladium producer, while temporary, will further tighten the market. We sold out of Sibanye Stillwater. The share has performed strongly. While astute bottom-of-the-cycle PGM acquisitions benefited shareholders immensely, we remain sceptical about them adding value by making acquisitions in the battery materials space, which they have started embarking on. We used the proceeds to buy Royal Bafokeng Platinum. It trades on a 30% free cash flow yield on spot prices and has demonstrated a willingness to return material amounts of this to shareholders at recent results.

We think gold shares look increasingly attractive. Government balance sheets around the world are becoming more stressed as debt is piled on to support the global recovery from Covid-19-induced economic stress. The global printing presses are running hot. For example, 25% of dollars in circulation were issued in the last year. As a centuries-old store of value, gold should thrive in conditions where fiat money is being debased. However, it

seems that all the action is taking place in new (untested) stores of value, such as cryptocurrencies. We see upside risk to the gold price, while most of the equities are pricing in a gold price well below spot. We added to our holdings in Pan African Resources and AngloGold and initiated a position in Goldfields.

We believe the resources sector offers compelling value at current share prices. We are very encouraged by the Fund's holdings and their ability to generate meaningful alpha over the long term.

#### Portfolio managers

**Nicholas Stein and Nicholas Hops**

as at 31 March 2021

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

The Resources 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. The fund is mandated to invest up to 25% (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 P 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 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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