CORONATION SA EQUITY FUND

Fund Information as at 30 November 2021

CORONATION
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WHAT IS THE FUND'S OBJECTIVE?

The SA Equity Fund aims to achieve the best possible long-term growth from investing in South African shares.

WHAT DOES THE FUND INVEST IN?

The SA Equity Fund invests in the shares of companies listed on the Johannesburg Stock Exchange. While investments in foreign markets are specifically excluded, the fund can invest in international companies that are listed in 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 SA 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 (after fees) 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

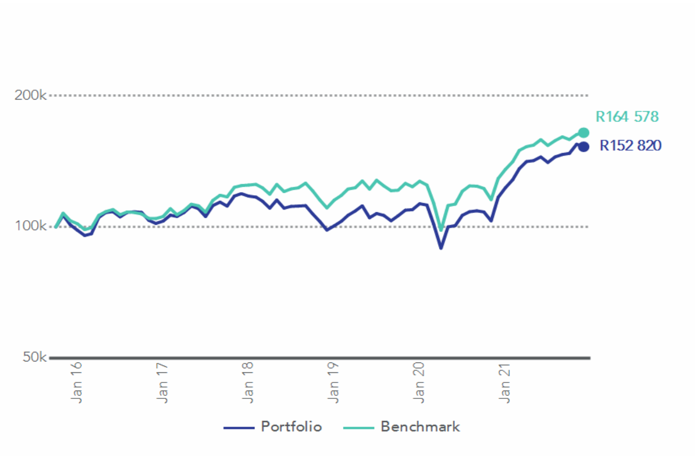
Launch Date	30 September 2015
Fund Class	A
Benchmark	FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX)
Fund Category	South African – Equity – General
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORSAEA
ISIN Code	ZAE000209441
JSE Code	CSEFA

FundCategory	South African - Equity - General
Launch date	30 September 2015
Fund size	R 2.04 billion
NAV	134.23 cents
Benchmark/Performance	FTSE/JSE Capped Shareholders
Fee Hurdle	Weighted All Share Index
Portfolio manager/s	Karl Leinberger and Sarah-Jane Alexander

	1 Year	3 Year
Total Expense Ratio	1.43%	1.34%
Fee for performance in line with benchmark	1.09%	1.09%
Adjusted for out/(under)-performance	-	0.04%
Fund expenses	0.03%	0.03%
VAT	0.18%	0.17%
Transaction costs (inc. VAT)	0.29%	0.27%
Total Investment Charge	1.72%	1.61%

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)	52.8%	64.6%	(11.8)%
Since Launch (annualised)	7.1%	8.4%	(1.3)%
Latest 5 years (annualised)	8.4%	9.5%	(1.1)%
Latest 3 years (annualised)	15.8%	14.2%	1.6%
Latest 1 year	30.6%	27.4%	3.3%
Year to date	24.2%	21.4%	2.8%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	14.5%	14.7%
Sharpe Ratio	0.05	0.14
Maximum Gain	40.2%	37.3%
Maximum Drawdown	(25.1%)	(23.3%)
Positive Months	60.8%	59.5%

	Fund	Date Range
Highest annual return	58.1%	Apr 2020 - Mar 2021
Lowest annual return	(17.9%)	Apr 2019 - Mar 2020

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Nov 2021
Domestic Assets	100.0%
Equities	99.4%
Basic Materials	24.1%
Industrials	2.2%
Consumer Goods	6.4%
Health Care	3.2%
Consumer Staples	1.9%
Consumer Services	22.9%
Energy	0.6%
Telecommunications	0.9%
Energy	1.5%
Financials	24.6%
Technology	10.2%
Derivatives	1.0%
Real Estate	0.1%
Cash	0.5%

TOP 10 HOLDINGS

As at 30 Sep 2021	% of Fund
Anglo American Plc	9.6%
Prosus	9.2%
FirstRand Limited	8.1%
Glencore Xstrata Plc	6.9%
Naspers Ltd	4.7%
Aspen Phamacare Holdings Ltd	4.2%
Quilter plc	3.9%
British American Tobacco Plc	3.6%
Bid Corp Ltd	3.5%
Momentum Metropolitan Holdings	3.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2021	01 Oct 2021	1.68	1.65	0.03
31 Mar 2021	01 Apr 2021	3.30	3.27	0.03
30 Sep 2020	01 Oct 2020	1.37	1.34	0.03
31 Mar 2020	01 Apr 2020	1.40	1.32	0.08

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	4.3%	6.0%	3.9%	0.5%	2.0%	(2.9)%	3.0%	1.3%	0.6%	5.0%	(1.4)%		**24.2%**
Fund 2020	(0.7)%	(9.7)%	(11.8)%	11.9%	0.7%	5.6%	2.0%	0.5%	(0.6)%	(4.6)%	13.2%	5.2%	**8.8%**
Fund 2019	2.5%	3.2%	2.3%	2.8%	(6.1)%	2.3%	(1.0)%	(2.8)%	2.7%	3.0%	0.3%	3.2%	**12.4%**
Fund 2018	(0.5)%	(2.1)%	(3.6)%	4.4%	(4.2)%	1.0%	0.1%	0.2%	(4.3)%	(4.0)%	(4.4)%	2.3%	**(14.5)%**
Fund 2017	3.2%	(0.7)%	2.2%	3.4%	(1.4)%	(4.1)%	6.0%	1.9%	(2.1)%	5.5%	1.3%	(1.3)%	**14.1%**

Issue date: 2021/12/09

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 Fund returned 4.9% for the quarter, resulting in a return of 36.2% over the last year. The Fund recently gained a five-year track record and has performed pleasingly since its inception.

The global recovery continued, supported by high vaccination rates in developed markets and easing economic restrictions. Markets were weaker, reflecting fears that growth would not live up to the high expectations priced in. The MSCI All Country World Index declined -1% in US dollars for the quarter (27% over 12 months). Developed markets (MSCI World index 0%) were broadly flat, although they fell in September (-4%) as concerns on growth increased. Emerging markets underperformed their developed market counterparts (MSCI Emerging Markets [EM] -8%). Brazil (Bovespa -20%) and China (MSCI China -18%) both had a particularly weak quarter.

Investor confidence in China was shaken by a raft of new regulations across multiple sectors that were invoked swiftly and largely without consultation. While China's authoritarian political system has always posed a risk, recent actions have heightened this. The remit of government interventions widened to include a drive for common prosperity and wealth redistribution, as well as social engineering. These policies are in direct conflict with the economic opening that has taken place over the past few decades. The role that foreign capital will be permitted to play is less certain. Evidence of slower Chinese growth also emerged after a very rapid recovery earlier in the pandemic.

South African (SA) investor confidence was dealt a blow early in the quarter with the rioting and looting in KwaZulu-Natal. Social inequality and high unemployment (worsened by the pandemic and associated economic restrictions) remain a major concern. An additional Basic Income Grant has been extended to those most in need. The additional grant, ongoing SOE support and a higher than anticipated public sector wage agreement further strained the fiscus. SA needs sustained economic growth to heal its fiscal woes. The decline in prices of some of SA's key export commodities (iron ore -28% in Q3-21 in US dollars and PGMs) is a threat to the current account surpluses that have supported the rand. The local currency declined -5% against the US dollars for the quarter. While the quarter heralded a disappointing number of setbacks to the fiscal outlook, the government remains committed to fiscal discipline. The new Minister of Finance is not expected to make any major changes.

SA's vaccine rollout has been slow to ramp up, with 20% of the adult population now fully vaccinated. Easing Covid-19 infection numbers have supported a lowering of restrictions, with the country moving to level 1 at the end of the quarter. The risk of further waves remains given low levels of vaccination.

The Fund's exposure to SA equities is sitting at a decade high given the breadth of value across many sectors, including resources, locally-listed global stocks and domestic shares. For the quarter, the JSE Capped SWIX Index delivered 3% in rands. The financials index returned 12% as the improvement in banking earnings continued, fuelled by a faster than expected recovery in bad debts. Industrials declined -4% as major constituent Naspers (-17%) dragged down the index return. The resource index also declined (-4%) as global growth concerns and commodity price pressures weighed on several stocks.

The Fund has long had considerable exposure to a number of global businesses that are listed in SA. Major holdings include Naspers (-17%) /Prosus (-15%), Aspen (69%), Bidcorp (4%), British American Tobacco (-1%), Quilter (0%) and Textainer (13%). All are attractive for stock-specific reasons.

Naspers came under considerable pressure during the quarter as regulatory intervention in China intensified. Within the technology sector, much of the regulation is consistent with what is seen elsewhere, including governing fintech, antitrust, competition law, data security, protection of personal information and gig employee labour protection. More specifically, for Tencent, government attempts to protect minors means increasing restrictions on time spent gaming. Thus far, none of the restrictions are expected to change Tencent's prospects meaningfully. However, the breadth and depth of Chinese regulatory intervention and the amplified threat to foreign capital have increased the risk of any Chinese investment. Valuations now look extremely attractive, with Chinese technology businesses trading at considerable discounts to their developed market peers. Tencent is a formidable company that generates good free cash flows, has a very engaged user base and is growing businesses across multiple verticals. At the Naspers/Prosus level, investors benefit from an undervalued rump where management has been achieving good returns on recent portfolio actions.

Aspen delivered strong returns for the quarter (+69%), bringing 12-month returns to 130%. While organic delivery has been pleasing, the more recent share price performance stems from two specific opportunities. Aspen is under cautionary related to the potential disposal of its API business, which is expected to be accretive. More materially, Aspen could potentially benefit from a vaccine licensing deal from J&J, which would materially increase its revenues.

Domestic companies continued to report results ahead of our expectations due to more resilient economic activity and stringent cost-cutting. We are concerned about the secondary effects of this cost-cutting and the ongoing weak employment numbers.

Like many holding companies, RMI (+20%) has seen the discount (at which it trades to the value of its underlying parts) widen over the last few years. We believe this undervalues some of the attractive assets it owns, including OUTsurance, an unlisted short-term insurer with a strong history of delivering earnings growth while achieving high levels of cash flow conversion. We have had many engagements with RMI management over the years about how this value could be unlocked and were pleased to note the restructuring announced in September. RMI intends to unbundle its holdings in Metropolitan Momentum and Discovery to shareholders leaving a smaller, more focused company with its major holdings in short-term insurance (OUTsurance and Hastings). RMI has also committed to paying out 50% free cash flow to shareholders. Although a capital raise in the form of a rights issue will be required to achieve this, the restructuring and higher pay-out are undoubtedly positive. We hope that these are the first steps on a journey to further improve shareholder returns by passing through more of the underlying dividends.

The portfolio has a small overweight in resource shares, which comes from the holdings in the diversified miners. Holdings in Glencore and Anglo American have contributed strongly to performance over the past few years, but we believe they continue to offer good value. They trade on low multiples with solid free cash flow generation and attractive upside. We are not bullish on all commodities but expect an accelerating global drive to decarbonise to create increasing demand and tight markets in commodities like copper, cobalt and nickel. Glencore is particularly well exposed.

The portfolio has continued to increase its holding in gold equities, which offer upside and reasonably priced protection against stretched sovereign balance sheets and high global market levels. Both AngloGold and Goldfields have improved their production profiles and geographic diversification. We anticipate a period of increased returns to shareholders under their new leadership teams. These positions have been funded by taking profits in the PGM shares.

Markets are ever-changing. The significant disturbance wrought on the world by Covid-19 has accelerated disruption in many industries while placing significant pressure on sovereign balance sheets. The sweeping changes effected by the pandemic has created opportunities where longer-term consequences are being mispriced. We constantly challenge our beliefs to enable us to take advantage of these opportunities.

Portfolio managers
Karl Leinberger and Sarah-Jane Alexander
as at 30 September 2021

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

The SA 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 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-adjusted fee calculated using CAPI or C-SWIX as the benchmark will be accrued daily. From 1 April 2022, only the performance-adjusted 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 (C-SWIX) which replaces the FTSE/JSE Capped All Share Index (CAPI). The benchmark returns shown in this MDD will be spliced between the previously applicable index values (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

IMPORTANT INFORMATION REGARDING TERMS OF USE

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