CORONATION RESOURCES FUND

Fund Information as at 31 May 2022

CORONATION
TRUST IS EARNED™

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

10/10
Aggressive

Maximum growth/
minimum income exposures

Growth Assets: 100%
Income Assets: 0%

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.

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
ASISA 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

CORONATION RESOURCES FUND

CORONATION

TRUST IS EARNED™

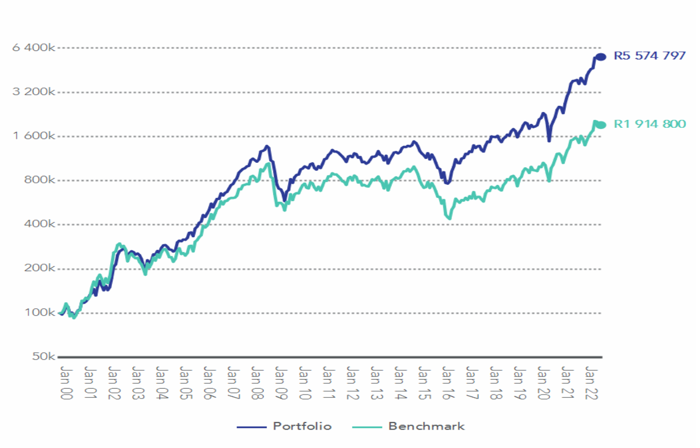
CLASS P as at 31 May 2022

ASISA Fund Category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R 2.28 billion
NAV	31624.84 cents
Benchmark/Performance Fee Hurdle	FTSE/JSE Africa Resources Index (TR)
Portfolio manager/s	Nicholas Stein and Nicholas Hops

	1 Year	3 Year
Total Expense Ratio	1.15%	1.16%
Fund management fee	0.98%	0.99%
Fund expenses	0.02%	0.02%
VAT	0.15%	0.15%
Transaction costs (inc. VAT)	0.49%	0.44%
Total Investment Charge	1.64%	1.60%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2022
Domestic Assets	100.0%
Equities	99.8%
Basic Materials	90.7%
Industrials	3.3%
Energy	4.9%
Other	0.9%
Cash	0.2%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	5474.8%	1814.8%	3660.0%
Since Launch (annualised)	19.4%	13.9%	5.5%
Latest 20 years (annualised)	16.2%	9.9%	6.2%
Latest 15 years (annualised)	12.4%	6.5%	5.9%
Latest 10 years (annualised)	18.0%	10.0%	8.0%
Latest 5 years (annualised)	33.9%	26.3%	7.6%
Latest 3 years (annualised)	45.5%	28.5%	17.0%
Latest 1 year	43.4%	23.8%	19.6%
Year to date	20.9%	12.8%	8.0%

TOP 10 HOLDINGS

As at 31 Mar 2022	% of Fund
Anglo American Plc	21.1%
Glencore Xstrata Plc	9.9%
Northam Platinum Ltd	9.8%
Exxaro Resources Ltd	7.2%
Pan African Resources Plc	7.1%
Textainer Group Holdings Ltd	6.8%
Sasol Ltd	6.5%
AngloGold Ashanti Limited	6.4%
Mondi Limited	5.5%
Thungela Resources Ltd	5.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	24.2%	26.2%
Sharpe Ratio	0.47	0.23
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	59.9%	55.5%

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

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2022	01 Apr 2022	174.26	172.20	2.07
30 Sep 2021	01 Oct 2021	974.14	972.15	1.99
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

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	1.3%	18.1%	0.3%	(1.0)%	1.8%								**20.9%**
Fund 2021	7.0%	13.9%	4.2%	0.4%	1.1%	(6.1)%	10.1%	(5.0)%	(4.6)%	14.7%	5.9%	4.3%	**53.1%**
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%**
Fund 2018	2.0%	(5.6)%	(4.0)%	5.7%	2.2%	4.2%	(1.5)%	7.4%	3.0%	(3.0)%	(9.4)%	8.1%	**7.7%**

Issue date: 2022/06/09

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

The Fund returned 19.9% for the quarter and 44.5% over the last 12 months. Its long-term performance remains pleasing against both the peer group and the benchmark.

The largest contributor to performance in the first quarter of the year (Q1-22) was the Fund's overweight position in Thungela Resources, followed by an overweight in Exxaro Resources. Our largest detractors were overweights in Mondi and Northam Platinum.

In the quarter, we added strongly to our Sasol and Mondi positions. In turn, we took profits particularly in Impala Platinum and Gold Fields where initial fears around the Russian invasion of Ukraine provided very attractive exit points from these two stocks.

The long-term impacts of Russia's invasion on Ukraine on commodities

Naturally, the key discussion point this quarter is Russia's invasion of Ukraine and in no market has this been felt more keenly than the commodity space. Massive volatility has been present across the key Russian commodities and in the short term, at least, a risk/scarcity premium has been priced in almost across the entire commodity spectrum. There has been some level of official restrictions on Russian commodities and a degree of 'self-sanctioning' by Western corporations – this is unique by historical standards. In general, the commodity markets entered 2022 in short supply, with tight supply chains failing to keep up with strong and growing demand. Clearly in the short term, those with the needs for commodities are going to be willing to pay up for them. For us as long-term investors the key consideration is the long-term impact and we will discuss a few of the potential ones here. With the obvious caveat that this is a shifting platform.

The key commodities that Russia produce are palladium (27% of the global total), natural gas (19%), metallurgical coal (17%), crude oil (10%) and thermal coal (9%). There is a clear skew in their production towards the energy complex and this is where the effects have been most keenly felt thus far. Our attempt to assess the future for these commodities has been based off the base case scenario where, in general, most sanction-aligned economies try to move away from consuming Russian commodities. It does not include an outright banning of exports, but does assume that, to the degree possible, Western economies self-sanction over time. Large adjustments in trade flows are likely over time and Russia will increasingly focus its exports to the East, where buyers will be more than willing to take their commodities – potentially at a discount.

In palladium we think that the long-term outlook has been turned more negative by the recent events. Automakers will accelerate substitution in autocats from palladium towards platinum and are likely to further push their battery electric vehicle (BEV) strategies. We will also see governments pushing BEVs further, particularly in Europe in a bid for increased energy independence, and to reduce reliance on Russian oil and palladium. Rhodium (Russia produces 6% of global supply) will see similar negative themes to palladium in the long term. Platinum (11%) will however see long-term benefit as governments push their hydrogen strategies further. We have already seen this in Europe in recent weeks and no doubt other regions will follow. Platinum is a key beneficiary of the hydrogen economy and automotive applications. Platinum will also benefit from substitution away from palladium in autocats. On balance, for the combined 3E* platinum group metals (PGM) markets, our long-term outlook is more muted than it was before. Prices in Q1-22 were volatile for palladium, which at one point increased by 80% to an all-time high above $3 400/oz. By quarter end, the price had increased 19% and settled at $2 268, more than 100% above our $1 000/oz normal price.

In the coal markets, we see an incrementally more negative long-term outlook for thermal coal and little impact to metallurgical coal. In both coal markets, in the short to medium term (0-3 years) we see a positive impact on global supply-demand balances and benchmark prices. Within the next three years, as the Western markets move away from Russian supplies, they will have to source coal from other markets, which will boost benchmark prices. In this medium-term time frame, thermal coal is likely to benefit at the expense of gas in Europe, as countries look to replace gas (largely sourced from Russia) with coal (which they can source globally). For thermal coal the longer-term impact is negative, as we will see an increased push for green energy and the energy independence that this brings. Gas prices will be under pressure in the long term, which is negative for thermal coal pricing given the 'interchangeability' from an energy perspective. In the case of metallurgical coal, we don't see much of a market impact in the long term; Russia should be able to find Eastern markets for its coal and the demand picture is unlikely to be changed by this ongoing event.

As mentioned above, we see the long-term picture for gas pricing as incrementally more negative. High gas prices and the need to move Europe away from its Russian dependence will see an increased shift towards renewables as well as energy efficiency. Russia provides 40% of the European Union's gas requirements and it is this achilles heel that has left Russia's energy exports largely untouched by Western sanctions thus far. Europe's immediate response to the crisis has been a target to reduce total gas consumption by 30% and Russian gas consumption to zero by 2030.

The outlook for oil prices in the long-term is more positive than it was before the Russian invasion. Estimates vary but ~2-3MMb/d of existing Russian oil production is potentially at risk going forward. Given supply chain intricacies and foreign investment, it is likely that Russia will no longer be a growth region from an oil perspective, as it was originally forecast to be. With the world losing Russian oil as a dominant and potential growth source, new supply will have to be incentivised. With capital discipline currently being the mantra from the US shale industry and declining OPEC spare capacity, this new supply is likely to be at a higher cost. We expect a tight market over the next decade as oil demand growth outstrips supply.

Portfolio managers
Nicholas Stein and Nicholas Hops
as at 31 March 2022

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; 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.

BENCHMARK DETAILS

The benchmark used for performance purposes is the FTSE/JSE Resources Index.

Note that we use the FTSE/JSE Africa Resource 10 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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