

## 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 Resources Fund primarily invests in the shares of companies listed on the Johannesburg Stock Exchange but can also invest in international equities.

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

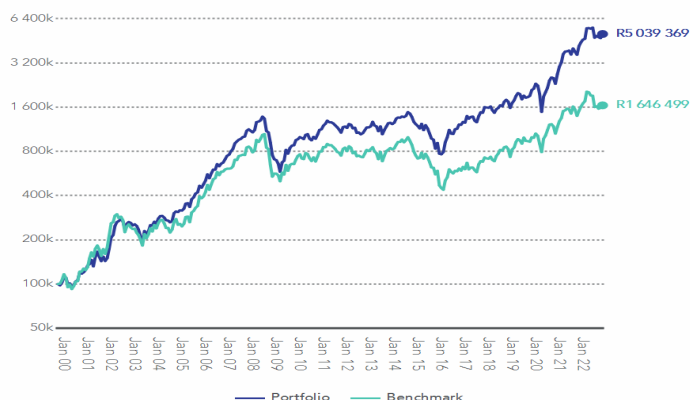
Launch Date	1 October 1999
Fund Class	P (previously class A)
Benchmark	FTSE/JSE Resources Index
ASISA Fund Category	South African – Equity – Resources
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORVALU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

CLASS P as at 31 October 2022

ASISA Fund Category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R 1.91 billion
NAV	27641.59 cents
Benchmark	FTSE/JSE Africa Resources Index (TR)
Portfolio manager/s	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)	4939.4%	1546.5%	3392.9%
Since Launch (annualised)	18.5%	12.9%	5.6%
Latest 20 years (annualised)	16.0%	10.0%	5.9%
Latest 15 years (annualised)	10.5%	4.4%	6.1%
Latest 10 years (annualised)	15.8%	7.2%	8.5%
Latest 5 years (annualised)	25.8%	17.7%	8.0%
Latest 3 years (annualised)	34.0%	18.1%	15.9%
Latest 1 year	20.7%	8.8%	11.8%
Year to date	9.2%	(3.0)%	12.2%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	24.3%	26.3%
Sharpe Ratio	0.44	0.19
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	59.6%	55.6%

	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 2022	1.3%	18.1%	0.3%	(1.0)%	1.8%	(14.8)%	3.0%	(2.0)%	(1.5)%	6.7%			9.2%
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%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.15%	1.16%
Fund expenses	0.98%	0.99%
VAT	0.02%	0.02%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.49%	0.50%
	1.64%	1.66%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Oct 2022
<b>Domestic Assets</b>	<b>83.8%</b>
■ Equities	83.6%
Oil & Gas	0.8%
Basic Materials	75.1%
Industrials	6.7%
Other	1.0%
■ Cash	0.2%
<b>International Assets</b>	<b>16.2%</b>
■ Equities	16.1%
■ Cash	0.0%

## TOP 10 HOLDINGS

As at 30 Sep 2022	% of Fund
Anglo American Plc	27.3%
Glencore Xstrata Plc	10.6%
Northam Platinum Ltd	9.5%
Impala Platinum Holdings Ltd	9.3%
Sasol Ltd	5.7%
Woodside Energy Group Ltd	5.5%
Teck Resources Ltd	4.7%
Eog Resources Inc	4.0%
Exxaro Resources Ltd	3.8%
Textainer Group Holdings Ltd	3.5%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2022	03 Oct 2022	893.88	891.59	2.30
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

## Performance

The Fund returned -0.6% for the quarter and 29.7% for the last 12 months. Its long-term performance remains pleasing against both the peer group and benchmark.

Contributors to relative return were our overweight positions in Glencore, Textainer and Exxaro. Unfortunately for the quarter these were not enough to offset the continued sell off in Northam and our BHP underweight. Large movements in the quarter include adding EOG and TECK to the Fund at the expense of Sasol and Exxaro.

## Fund positioning

The US Federal Reserve's increasingly strong commitment to tighter monetary policy and the continued weakness of the Chinese economy weighed on commodity prices and returns for the quarter. The energy crisis, high inflation and a global monetary response to this are increasing the risks of recession in the short term, and this has been reflected in asset prices. We think that despite the risk of recession, commodity prices stand to remain elevated over the medium to longer term. The Fund has healthy positions in the platinum group metals (PGM) sector, energy commodities and copper.

Commodity prices remain elevated to varying degrees across the entire spectrum. Lithium is probably the most extreme, given rampant growth in battery electric vehicles this year compared to a constrained supply base. We are also witnessing record thermal coal prices thanks to the European energy shortage, again coming up against a constrained supply base. Even in metals, where realised demand has been softer than anticipated in 2022, we continue to see prices above cost support and producers enjoying healthy margins. The key driver of strong prices in a soft demand environment is the other side of the equation: supply. A key leg of our thesis on commodities has been the general lack of investment in supply through the last eight years. Maintenance and expansion capital were reduced heavily in the downcycle. While this capital is now increasing, a lot has been catch-up in nature and recently driven by higher inflation.

Mine interruptions in the 2020 and 2021 calendar years, thanks to Covid protocols, also saw capital spend reduced and, in some cases, short-term decisions were taken to keep the mines running at the expense of future development. This has come through quite pointedly in the copper industry, and 2022 has been a particularly disappointing year from a supply perspective. Importantly for long-term market balances, exploration spend and new discoveries have come off meaningfully in this time frame. The lead time from exploration to development is very long and any success in the short term will take many years to come to market. On balance, we expect supply to be playing catchup to demand over the next decade.

Despite the increasing global macro risk in the short term, we are optimistic on prices due to the abovementioned supply issues and the fact that China's commodity demand has been very weak in 2022. Physical markets remain tight as evidenced by prices, backwardation in a number of commodities and low inventory levels. Historical evidence has shown that the lower inventory levels are going into a recession the quicker the snap back when economies recover. The largest commodity consuming sector in the world, Chinese property, is declining outright and prices have turned negative for the first time since 2015 on the back of a weak economy and what has been a few years of authorities tightening up credit availability in the real estate sector. We expect property and other commodity-consuming sectors in China to recover in time. Timing will, of course, be uncertain and likely linked to the end of the current zero-Covid strategy being implemented by the government. A return to more normal levels of consumption in China will coincide with continued strained supply as well as low inventories, potentially proving very positive for commodity markets.

In the quarter, we diversified our hydrocarbon exposure through selling down Sasol and buying EOGs and Woodside Energy Group. Sasol remains a 5.7% position in the Fund but we are able to diversify our company-specific risk by selecting multiple counters through which to achieve exposure to energy commodities. We've written in the past about the long-term issues in Sasol's business as they deal with being one of the largest emitters of carbon dioxide in the world, struggle with declining gas reserves and try to reduce their reliance on coal in the longer term – which is their key competitive advantage. The valuation is very attractive, but we feel the risk is relatively high and believe diversification is appropriate. EOG is a high-quality oil/gas producer based in the USA and the business is growing its production responsibility with strict capital allocation criteria and returning the bulk of excess free cash flow to shareholders in the form of dividends. Woodside is the company with which BHP Billiton merged its old petroleum assets and is a large producer of LNG (liquefied natural gas) as well. We have a very positive view on global LNG markets in the next five years as Europe scrambles to meet its energy needs. Importantly again, supply is very constrained with at least two years before any meaningful supply is added.

## Outlook

We are happy with the Fund positioning and believe that the risk-adjusted returns off current valuation levels will prove to be compelling.

## Portfolio managers

**Nicholas Stein and Nicholas Hops**  
as at 30 September 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 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.

**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 over the period referenced. 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 underlying 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 previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available 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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