

## 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

<b>Launch Date</b>	1 October 1999
<b>Fund Class</b>	P (previously class A)
<b>Benchmark</b>	FTSE/JSE Resources Index
<b>ASISA Fund Category</b>	South African – Equity – Resources
<b>Income Distribution</b>	Semi-annually (March & September)
<b>Investment minimum</b>	R5 000 or R500/m debit order
<b>Bloomberg Code</b>	CORVALU
<b>ISIN Code</b>	ZAE000022877
<b>JSE Code</b>	CCGF

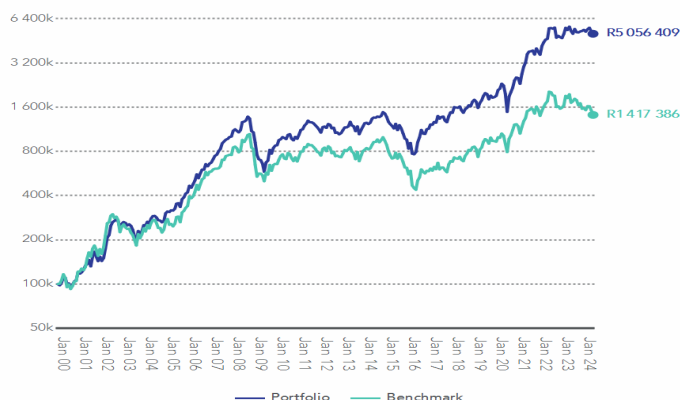
CLASS P as at 29 February 2024

ASISA Fund Category	South African - Equity - Resources
Launch date	01 October 1999
Fund size	R 1.61 billion
NAV	26943.94 cents
Benchmark	FTSE/JSE Africa Resources Index (TR)
Portfolio manager/s	Nicholas Stein and Nicholas Hops

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.17%	1.16%
Fund expenses	0.99%	0.99%
VAT	0.03%	0.02%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.42%	0.49%
	1.59%	1.65%

## 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)	4956.4%	1317.4%	3639.0%
Since Launch (annualised)	17.4%	11.5%	6.0%
Latest 20 years (annualised)	15.3%	8.6%	6.8%
Latest 15 years (annualised)	15.5%	7.2%	8.3%
Latest 10 years (annualised)	14.0%	4.3%	9.7%
Latest 5 years (annualised)	21.6%	8.9%	12.7%
Latest 3 years (annualised)	11.2%	(2.0)%	13.2%
Latest 1 year	(4.2)%	(17.3)%	13.1%
Year to date	(9.1)%	(12.8)%	3.7%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	24.0%	26.2%
Sharpe Ratio	0.40	0.14
Maximum Gain	93.4%	86.3%
Maximum Drawdown	(57.9)%	(58.3)%
Positive Months	59.0%	54.9%

	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 2024	(5.6)%	(3.7)%											(9.1)%
Fund 2023	5.6%	(6.7)%	(4.2)%	7.9%	(5.0)%	(0.4)%	1.6%	0.8%	1.7%	(2.9)%	3.9%	2.5%	3.8%
Fund 2022	1.3%	18.1%	0.3%	(1.0)%	1.8%	(14.8)%	3.0%	(2.0)%	(1.5)%	6.7%	10.2%	(3.5)%	16.2%
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%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	29 Feb 2024
<b>Domestic Assets</b>	<b>81.6%</b>
Equities	72.9%
Basic Materials	59.5%
Industrials	9.7%
Financials	3.7%
Commodities	7.9%
Cash	0.8%
<b>International Assets</b>	<b>18.4%</b>
Equities	18.4%
Cash	0.0%

## TOP 10 HOLDINGS

As at 31 Dec 2023	% of Fund
Anglo American Plc	19.5%
Mondi Limited	11.1%
Exxaro Resources Ltd	9.1%
Bhp Group Ltd	6.3%
Teck Resources Ltd	6.0%
Sasol Ltd	4.3%
Eog Resources Inc	4.3%
Hosken Consolidated Investments	3.7%
African Rainbow Minerals Ltd	3.7%
Northam Platinum Ltd	3.2%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2023	02 Oct 2023	545.93	530.29	15.65
31 Mar 2023	03 Apr 2023	283.06	277.17	5.89
30 Sep 2022	03 Oct 2022	893.88	891.59	2.30
31 Mar 2022	01 Apr 2022	174.26	172.20	2.07

## Performance

The Fund returned 3.4% for the quarter and 3.8% for the last 12 months. The long-term performance of the Fund remains pleasing against both the peer group and the benchmark.

## Fund positioning

For the fourth quarter of 2023, overweight positions in Textainer and Mondi, as well as an underweight position in Anglo American, contributed to relative performance, while our underweight position in gold shares detracted.

The calendar year 2023 marked a tough 12-month period for the mining sector, especially when contrasted to global general equity indices. In US dollars, the JSE Resources Index was down 17.5% for the year, versus the MSCI World Index which was up c.24%. Mining margins came under pressure over the course of the year, with prices generally lower and costs generally higher. In terms of the commodities, gold and iron ore performed notably well, while PGMs and thermal coal were weak. Base metal performance was muted.

Over the years, the Fund has built a reasonable position in Textainer. In Q4-23, it was announced that Textainer was being bought by Stonepeak Partners, an alternative investment firm. The \$50 per share acquisition price was a 46% premium to the pre-deal share price and a meaningful five times higher than the \$10 it was trading at in 2020. Textainer has been a meaningful contributor to performance over the years and in Q4-23.

On the diversified miner front, news flow was dominated by Anglo American. The company's share price has been under pressure over the course of 2023, driven by lower PGM and diamond prices. In December, they slashed their production guidance across almost all of their commodities, sending the share price even lower. While our material underweight position helped relative performance, our absolute position size was a drag on overall Fund return.

We added two new names to the Fund within the diversified mining space – African Rainbow Minerals and Afrimat. African Rainbow Minerals is a local producer of iron ore, manganese, PGMs and coal. They also own a stake in Harmony Gold. Iron ore and manganese make up c.60% of the business's fair value and are very cash-generative assets. While the market is nervous about capital allocation concerns, we feel these are discounted, with the share price trading on a PE ratio of 4.5 times and 2.8 times when excluding cash on the balance sheet. Afrimat is a local junior “diversified miner” producing iron ore and anthracite and also has an aggregates/construction business. The business is entrepreneurial, with acquisitions having added meaningful value over time. We don't think the market gives sufficient credit for its recent anthracite acquisition, nor has it discounted the strong run-up in the iron ore price.

The gold price has a number of drivers, but the one with the strongest correlation is real interest rates (typically expressed via US 10-year TIPS). The logic here is that gold offers investors no yield. So, when real rates

are low or negative, the opportunity cost for holding gold is low, and gold prices are typically buoyant. Conversely, when real rates are high, the opportunity cost of holding gold is high. With real rates now close to 2% (from 0% two years ago), we would have expected a soft gold price. We believe the strength in the gold price can be attributed to heightened geopolitical risk (Russia-Ukraine war, Middle East conflict), as well as central bank buying in the wake of Russian sanctions. This may cause the gold price to remain elevated in the short to medium term, but ultimately, we expect the real rates relationship to reassert itself. The gold equities are discounting gold prices close to spot, and consequently, we do not believe they offer a sufficient margin of safety. It remains a large underweight for the Fund.

Oil prices softened during 2023 despite the flare-up in conflict and the threat of broader unrest in the Middle East. Russian production has held up better than initial forecasts at the beginning of the year. We continue to believe longer term oil production will be challenged, as US shale productivity declines and general ESG pressures make new well development difficult. The Fund remains overweight oil, electing to take most of that exposure via a basket of offshore names, rather than Sasol. This position has benefited the Fund this quarter and over longer periods.

## Outlook

The outlook for the commodity sector is mixed, with prices both above and below normal levels, depending on where you look. We believe the Fund's energy and diversified commodity exposure will outperform the precious metals that are not held in the Fund.

## Portfolio managers

**Nicholas Stein and Nicholas Hops**  
as at 31 December 2023

**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) Ltd (FSP 548), 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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