WHAT IS THE FUND'S OBJECTIVE?

Capital Plus is in the first instance managed to achieve reasonable investment growth over the medium to long term. Our intent is that the fund should produce an annualised return of at least inflation plus 4% over time. In addition, we aim to preserve capital over any 18-month period. It is specifically managed to suit investors who want to draw an income over an extended period of time.

WHAT DOES THE FUND INVEST IN?

Capital Plus can invest in a wide range of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally. As the fund actively seeks to curb risk and volatility, only a maximum of 70% of its investments may be held in growth assets like shares and listed property. Shares usually offer the best growth, but this comes with the greatest risk of short-term losses. The fund's exposure to shares is therefore carefully balanced with more stable investments like bonds. Maximum exposure to foreign assets is 30% (excluding Africa). The fund is mandated to use derivative instruments for efficient portfolio management purposes.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.85% (excl. VAT) is payable. The annual management fee is accrued daily and paid monthly. Fund expenses incurred in the fund include fees payable to unconnected international fund managers on a portion of assets situated offshore as well as 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 SHOULD CONSIDER INVESTING IN THE FUND?

- Pensioners and other investors requiring an income, especially those in the first half of retirement.
- Living annuity investors seeking a fund that aims to achieve both income and capital growth.
- Investors requiring a low-risk fund, which offers a reasonable rate of return, for their retirement annuity, provident fund, preservation fund or pension fund.
- Conservative investors who want to protect their savings.
- Trusts, endowments, foundations and charities who require long-term funding of a moderate spending rule.

WHO ARE THE FUND MANAGERS?

CHARLES DE KOCK  
BCom (Hons), MCom (Economics)  

PALLAVI AMBEKAR  
CA (SA), CFA

GENERAL FUND INFORMATION

<table>
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<tr>
<th>Fund Launch Date</th>
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<td>Class Launch Date</td>
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<td>Benchmark</td>
<td>CPI + 4%</td>
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CORONATION CAPITAL PLUS FUND

CLASS P as at 30 November 2020

Fund category South African - Multi Asset - Medium Equity
Launch date 01 October 2012
Fund size R12.27 billion
NAV 4245.13 cents
Benchmark/Performance CPI + 4% p.a.
Fee Hurdle

PORTFOLIO MANAGER/S
Charles de Kock and Pallavi Ambekar

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

RISK STATISTICS SINCE LAUNCH

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

INCOME DISTRIBUTIONS

As at 30 Sep 2020 % of Fund

Naspers Ltd 3.8%
Egerton Capital Equity Fund 3.7%
Maverick Capital 2.7%
British American Tobacco Plc 2.7%
Anglo American Plc 2.6%
Tremblant Capital 2.0%
Constrans Global Equity Fund 1.9%
Lansdowne Capital 1.8%
Prosus Nv 1.5%
Cmi Global Opp Equity Strategy 1.5%

DECLARATION PAYMENT AMOUNT DIVIDEND INTEREST

30 Sep 2020 01 Oct 2020 37.84 14.22 23.62
30 Jun 2020 01 Jul 2020 41.38 14.71 26.67
31 Mar 2020 01 Apr 2020 35.07 4.67 30.41
31 Dec 2019 02 Jan 2020 50.31 15.62 34.69

Highest annual return Aug 2004 - Jul 2005 33.8%
Lowest annual return (8.8%) Apr 2019 - Mar 2020

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec YTD

Fund 2020 0.9% [4.0%] (9.1%) 7.9% 1.8% 1.9% 1.4% 2.1% [1.7%] (1.5%) 6.3% 5.0%
Fund 2019 1.6% 2.7% 1.5% 2.5% (2.6%) 1.2% 0.2% (0.1%) 1.0% 1.3% (0.7%) 0.1% 9.7%
Fund 2018 (0.3%) [1.1%] (1.0%) 2.6% (1.0%) 2.4% (0.2%) 3.0% (2.4%) (1.8%) (2.4%) 0.1% (2.1%)
Fund 2017 1.3% 0.0% 1.4% 1.6% (0.3%) (1.5%) 2.8% 0.4% 1.0% 3.1% (0.8%) (1.8%) 7.4%
Fund 2016 (1.7%) 0.6% 3.1% 1.0% 3.0% (2.4%) 0.6% (1.0%) (1.0%) 3.7% (1.5%) 0.9% 4.7%
Fund 2015 1.6% 1.9% (0.5%) 2.3% (0.8%) (1.0%) 0.4% (1.0%) (1.0%) 3.7% (1.5%) 0.9% 5.1%
Fund 2014 (0.3%) 0.8% 1.1% 1.3% 1.9% 1.2% 1.0% 0.4% (0.7%) 0.1% 1.1% 0.4% 8.6%
The Fund had a reasonable quarter, delivering a positive return of 1.8% net of fees, with all asset classes, bar South African (SA) property, contributing positively to the quarter’s return. The Fund has managed to beat inflation over the very long term, but, over periods shorter than ten years, it has been tougher to meet inflation, much less beat our inflation-plus-four benchmark return hurdle.

On the domestic front, the SA economy contracted severely in the second and third quarter of the year as the brunt of Covid-19 lockdowns impacted activity. We expect a tepid recovery as the year progresses and only expect the country to return to 2019 levels of GDP growth by early 2023 in nominal terms. Globally, the virus seems to be staging a second wave and there are many large uncertainties, including the outcome of US elections, the Brexit negotiations and geopolitical tensions between China and various countries. In general, however, these economies seem better positioned to recover from Covid-19 due to quicker access to vaccine treatments, better support from government programmes, and more coordinated economic policies.

The Fund has steadily increased its global effective exposure1 from the beginning of the year from 25% to 28% currently. We have mainly increased our holding of global equities as the other asset classes look expensive (global bonds) or face structural headwinds (global property). While certain equity indices, such as the US S&P 500, look expensive and have rallied hard from the bottom, it has been a narrow market, with a few shares delivering the bulk of the performance. There remain many compelling valuation opportunities in the broader market.

We have also increased our equity allocation on the local side. The majority of our exposure is to attractively valued rand hedge shares, such as British American Tobacco and Anheuser Busch InBev. Despite SA’s ban on the sale of alcohol and tobacco during the hard lockdown period, these businesses have generally managed to trade their products in many other countries. We think these businesses are defensive and can show real revenue and earnings growth in hard currencies over the medium term. Most importantly, they are strong free cash flow converters and will use their cash to delever their balance sheet and return cash to shareholders. This combination of decent earnings growth and dividend returns is attractive for our portfolios. We have also been adding to domestic businesses that we think have resilient franchises, healthy balance sheets and can deliver earnings growth in a constrained economy.

Low expectations are baked into market prices and if we see a better-than-anticipated recovery in earnings bases, we think there will be a robust real performance from our selected basket of equities.

The increase in global and local equities has been funded from our SA fixed income allocation. SA bonds still offer very attractive real yields, especially in the long end of the curve, and the Fund still has a healthy 36% allocation to a mix of government bonds, inflation-linked bonds and corporate credit. We also recognise, however, that a rising government debt burden and widening fiscal deficit will require some serious intervention by the finance ministry. While government acknowledges the seriousness of the economic situation, we think that there is a non-negligible risk that we do not see the decisive policy changes and expenditure reform plans the economy needs to avoid a debt trap.

We remain very cautious on SA property and have not increased our exposure here. Most real estate companies entered the Covid-19 crisis with stretched balance sheets. Pressure on net rental income is likely to intensify and we think a capital restructuring will be necessary for many counters. We had a small allocation to SA property, and we have seen a significant derating of this sector. Despite this, we don’t think valuations are compelling enough to increase our allocation.

The Fund has found it difficult to beat its inflation-plus-four benchmark, as very few asset classes have delivered these returns in the last five years. Risk assets, in particular domestic equity and domestic property, have shown sub-inflation to negative returns over this period. Safer assets such as SA cash and SA fixed income have outperformed domestic risk assets on a relative basis. However, rising risks for domestic bonds and cash returning less than 4% mean that these assets have become less appealing. As we sit now, the outlook for risk assets is certainly not rosy, but valuations have more than reflected this and we have thus increased our risk asset exposure. We remain mindful of the Fund’s dual mandate and use asset class diversification as well as appropriate put protection to preserve capital. While the outlook remains uncertain, we believe this creates attractive investment opportunities and a considered increase in risk exposure is justified at this point to enable the Fund to deliver on its mandated inflation-plus-four return hurdle in the future.

Portfolio managers
Charles de Kock and Pallavi Ambekar
as at 30 September 2020

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1 Due to currency futures, effective international exposure might differ to asset domicile exposure as used in the formal asset allocation on the fact sheet.

Please note that the commentary is for the discounted class of the Fund.
CORONATION CAPITAL PLUS FUND

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION CAPITAL PLUS FUND

The Capital Plus Fund should be considered a medium- to 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 30% (including a maximum exposure of 5% to Africa, excluding South 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. The fund is managed in line with Regulation 28 limits, although it is not required as per the fund’s supplemental deed. 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. Class A NAV prices were used for the period prior to the launch of Class P. 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 figures represent the total return earned by the fund over the given time period. 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 figures represent the total return earned by the fund over the given time period, expressed as a percentage. The peer group average is calculated as the average return of all the funds in the respective ASISA category (excluding Coronation Funds in that category). The peer group average is calculated as the average return of all the funds in the respective ASISA category (excluding Coronation Funds in that category). Growth charts are shown in logarithmic scale (base 2).

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TTC)?

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

IMPORTANT INFORMATION REGARDING TERMS OF USE

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