

## 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.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

## Risk Profile

Maximum growth/  
minimum income exposures

The fund is tactically managed to protect and grow capital, as well as secure an attractive income. A large and experienced investment team actively seeks out the best potential opportunities for income and growth, while carefully considering the different risks within the fund.

Capital Plus is specifically managed to reduce the probability of losing money over any 18-month period, although it cannot guarantee protection against losses.

The fund is diversified across a range of assets reflecting its dual objectives of reasonable growth and capital stability. This includes a selection of shares we believe are attractively valued and may offer strong long-term returns, as well as strategic positions in quality income assets.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is three years and longer. The fund's exposure to shares may result in short-term price fluctuations, making it unsuitable to investors who can only invest for short periods.

## 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.

## 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](http://www.coronation.com).

## WHO ARE THE FUND MANAGERS?



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



**PALLAVI AMBEKAR**  
CA (SA), CFA

## GENERAL FUND INFORMATION

<b>Fund Launch Date</b>	2 July 2001
<b>Fund Class</b>	P
<b>Class Launch Date</b>	1 October 2012
<b>Benchmark</b>	CPI + 4%
<b>Fund Category</b>	South African – Multi-asset – Medium Equity
<b>Regulation 28</b>	Complies
<b>Income Distribution</b>	Quarterly (March, June, September, December)
<b>Bloomberg Code</b>	CORCPB5
<b>ISIN Code</b>	ZAE000170437
<b>JSE Code</b>	CCPB5

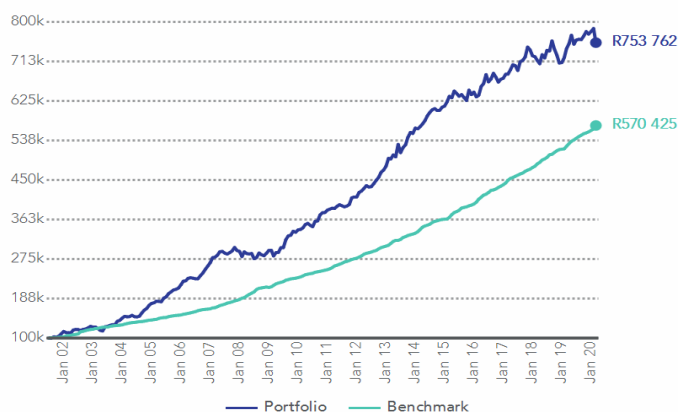
CLASS P as at 29 February 2020

<b>Fund category</b>	South African - Multi Asset - Medium Equity
<b>Launch date</b>	01 October 2012
<b>Fund size</b>	R12.86 billion
<b>NAV</b>	4031.20 cents
<b>Benchmark/Performance</b>	CPI + 4% p.a.
<b>Fee Hurdle</b>	
<b>Portfolio manager/s</b>	Charles de Kock and Pallavi Ambekar

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.12%	1.14%
Fund expenses	0.85%	0.88%
VAT	0.14%	0.13%
Transaction costs (inc. VAT)	0.13%	0.13%
Total Investment Charge	0.06%	0.06%
	1.18%	1.20%

## PERFORMANCE AND RISK STATISTICS

## GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Peer Group Average
Since Launch (unannualised)	653.8%	470.4%	550.3%
Since Launch (annualised)	11.4%	9.8%	10.6%
Latest 15 years (annualised)	10.0%	9.7%	8.7%
Latest 10 years (annualised)	8.2%	9.2%	7.9%
Latest 5 years (annualised)	3.5%	9.2%	3.9%
Latest 3 years (annualised)	3.3%	8.3%	4.4%
Latest 1 year	1.8%	8.7%	2.7%
Year to date	(3.2)%	2.0%	(2.5)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	6.9%	1.5%
Downside Deviation	3.7%	N/A
Sharpe Ratio	0.49	1.14
Maximum Gain	29.5%	26.9%
Maximum Drawdown	(8.3)%	(0.9)%
Positive Months	67.9%	92.0%

	Fund	Date Range
Highest annual return	33.8%	Aug 2004 - Jul 2005
Lowest annual return	(6.2)%	Nov 2007 - Oct 2008

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	0.9%	(4.0)%											(3.2)%
Fund 2019	1.6%	2.7%	1.5%	2.5%	(2.6)%	1.2%	0.2%	(0.1)%	1.0%	1.3%	(0.7)%	0.7%	9.7%
Fund 2018	(0.3)%	(1.1)%	(1.0)%	2.8%	(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)%	0.9%	1.9%	(1.2)%	(1.7)%	1.0%	0.3%	4.7%
Fund 2015	1.6%	1.9%	(0.5)%	2.3%	(0.8)%	(1.0)%	0.6%	(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%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	29 Feb 2020
<b>Domestic Assets</b>	<b>76.0%</b>
■ Equities	27.7%
Basic Materials	5.0%
Industrials	0.4%
Consumer Goods	4.4%
Health Care	0.8%
Consumer Services	7.3%
Telecommunications	1.0%
Financials	6.3%
Technology	2.4%
Derivatives	0.1%
Other	0.0%
■ Preference Shares & Other Securities	0.9%
■ Real Estate	4.3%
■ Bonds	37.7%
■ Commodities	2.5%
■ Cash	1.7%
■ Other (Currency Futures)	1.3%
<b>International Assets</b>	<b>24.0%</b>
■ Equities	17.0%
■ Real Estate	0.2%
■ Bonds	2.6%
■ Commodities	0.2%
■ Cash	4.0%

## TOP 10 HOLDINGS

As at 31 Dec 2019	% of Fund
British American Tobacco Plc	3.0%
Naspers Ltd	2.7%
Egerton Capital Equity Fund	2.7%
Anglo American Plc	2.1%
Contrarius Global Equity Fund	2.0%
Maverick Capital	2.0%
Lansdowne Capital	1.7%
Prosus Nv	1.4%
Standard Bank Of SA Ltd	1.4%
RMB Holdings	1.4%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2019	02 Jan 2020	50.31	15.62	34.69
30 Sep 2019	01 Oct 2019	37.28	10.93	26.34
28 Jun 2019	01 Jul 2019	39.63	10.90	28.72
29 Mar 2019	01 Apr 2019	33.35	9.29	24.06

**Please note that the commentary is for the retail class of the fund.**

The year and final quarter of 2019 turned out to be a decent one for investors who stayed invested in the markets despite very poor news on the economic front. The South African economy, which was already operating at near-stall speed, also had to contend with severe load shedding from crippled electricity supplier Eskom. Yet, equities and bonds performed well and the rand firmed. The market action showed once again how difficult it is to time an unexpected strong performance or a sharp correction. The FTSE/JSE Capped SWIX All Share Index added 5.3% in the quarter and 6.8% for the year. The All Bond Index added 1.7% over the quarter and 10.3% for the year. Only listed property performed poorly, with 0.6% and 1.9% over the quarter and full year respectively. Global equities were also strong, rising 0.4% during the quarter and a very strong 24.5% for the full year, as measured by the MSCI World Index in rand terms.

The fund showed a commendable 9.2% return for the year, which is a real return of 5.2%, thereby exceeding its target of inflation plus 4%. It was, however, not good enough to take the three- and five-year returns to the targeted level. Since inception, the fund has beaten inflation by 5.8% per annum, comfortably ahead of the targeted return. Over the past 10 years, the excess return of 3.2% is slightly behind the target. Major contributors for the year include Northam Platinum, Naspers, British American Tobacco, Anglo American and Altron. Detracting from performance were Sasol, Shoprite, Nedbank, Advtech and Woolworths. The contributors far exceeded the detractors and the fund's equities delivered a return of 10.8% for the year. Domestic bonds delivered a total return of 9.5%, but property investments lost 13% of its value. Foreign assets were the best performing asset class, with a total return of 21.3%.

We increased our exposure to the South African bond market due to the highly attractive real yields on offer. The bond component of our portfolio carries a yield of more than 9%. While we do expect inflation to rise somewhat from the current sub-4% level, it leaves us with a comfortable margin of safety. The high yields in the domestic bond component helped to keep us below the maximum offshore exposure, where yields are extremely low. The high real yield on bonds is also an argument for limiting domestic equity exposure to less than our maximum allowed.

It remains difficult for companies linked to the South African economy to meaningfully grow earnings due to a lack of top line growth in almost every sector. We do acknowledge that the earnings base is low and ratings generally attractive, but without a rise in consumer and business confidence, spending will remain depressed. Our exposure to equities is therefore still skewed towards the global stocks listed on the JSE, such as Naspers, British American Tobacco, Anheuser Busch and others. Exposure to the so-called SA Inc. stocks is held mostly through banks and defensive retailers with very limited exposure to cyclical domestic stocks.

The separate listing of Prosus (the non-South African part of Naspers) has so far not had the desired effect of narrowing the wide discount of Naspers to its underlying assets of Tencent and the other components. We added to Naspers during the quarter, as we believe it still offers exceptional long-term value. It therefore remains the fund's largest single holding.

Looking forward, we are of the view that the targeted return of inflation plus 4% is achievable. The bond component alone has a high enough yield to deliver the required real return and is supported by a good selection of quality domestic and global equities that are reasonably valued. It is, however, crucial that government passes a budget early in the new year that adequately addresses the deteriorating fiscal situation. Some tough decisions need to be taken to curtail spending and stop the bleeding at the SOEs. The placing of South African Airways in business rescue is a signal that government has grasped the seriousness of the situation. More action is needed at other State-run entities. The Reserve Bank, which has cited the dire fiscal situation as a reason for keeping interest rates high, will have room to loosen monetary policy somewhat if the budget addresses some of these crucial fiscal issues adequately. Lower interest rates will help the economy and should also be viewed positively by the markets.

**Portfolio managers**

**Charles de Kock and Pallavi Ambekar**

as at 31 December 2019

## 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](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. 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 represents 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).

## 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 September 2019 (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](http://www.coronation.com)

## IMPORTANT INFORMATION REGARDING TERMS OF USE

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