

## WHAT IS THE FUND'S OBJECTIVE?

Top 20 aims to outperform the equity market over the long term.

## WHAT DOES THE FUND INVEST IN?

The fund's managers actively seek out attractively valued shares that could offer strong long-term growth.

The fund would typically hold shares in a maximum of 20 companies selected from all equities listed on the JSE. Its investments will therefore always be concentrated and limited to shares in large companies listed in South Africa.

While investments in foreign markets are specifically excluded, the fund can invest in foreign companies that are listed locally. There are no restrictions on how much exposure the fund can have to different sectors (for example, to mining, financial or industrial companies). The fund will remain fully invested in shares at all times. 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 Top 20 Fund focuses on a limited number of shares we believe are attractively valued and offer superior long-term growth, and avoid those shares that we view as least attractive. Consequently, its investment performance will often look very different from that produced by the overall market.

The fund can only invest in shares that are listed in South Africa. As a result, it cannot provide diversification into other asset classes or geographies. While the fund can invest in smaller companies, it is expected to always have an allocation biased towards larger companies.

Shares can be volatile investments and the risk of capital loss over the short term is high. However, given its focus on investing only in attractively valued shares that could offer long-term growth, the fund may preserve capital better than its benchmark over the long run.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 years or more is therefore ideal. It is not suitable as a single investment for investors who need to preserve their capital over five years or less.

## WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- ▶ are comfortable with full exposure to shares in large companies listed in SA;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ are holding Top 20 as one of multiple equity funds in their investment portfolio.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.10% and a maximum of 2.60%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of its benchmark, a fee of 0.60% will be charged. We share in 20% of performance above the benchmark, up to a maximum total annual fee of 2.60%. Performance is measured over a rolling 24-month period.

When the fund return is below the benchmark over a rolling 60-month period the fee is discounted by 0.50%

All fees exclude VAT. 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 ARE THE FUND MANAGERS?



**NEVILLE  
CHESTER**  
BCom, CA (SA), CFA



**NICHOLAS  
STEIN**  
CA (SA), CFA

## GENERAL FUND INFORMATION

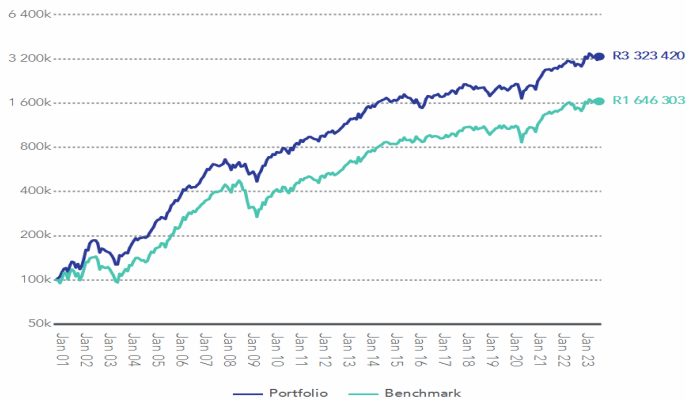
<b>Fund Launch Date</b>	2 October 2000
<b>Fund Class</b>	P (previously class B4)
<b>Class Launch Date</b>	2 April 2012
<b>Benchmark</b>	FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX)
<b>ASISA Fund Category</b>	South African – Equity – General
<b>Income Distribution</b>	Semi-annually (March & September)
<b>Bloomberg Code</b>	CORTPB4
<b>ISIN Code</b>	ZAE000165213
<b>JSE Code</b>	CTTB4

CLASS P as at 30 June 2023

ASISA Fund Category	South African - Equity - General
Launch date	02 April 2012
Fund size	R26.02 billion
NAV	19194.59 cents
Benchmark/Performance	FTSE/JSE Capped Shareholders
Fee Hurdle	Weighted All Share Index
Portfolio manager/s	Neville Chester and Nicholas Stein

## 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)	3223.4%	1546.3%	1677.1%
Since Launch (annualised)	16.6%	13.1%	3.5%
Latest 20 years (annualised)	16.9%	14.6%	2.3%
Latest 15 years (annualised)	12.2%	8.9%	3.3%
Latest 10 years (annualised)	10.1%	9.9%	0.2%
Latest 5 years (annualised)	10.3%	8.8%	1.5%
Latest 3 years (annualised)	17.2%	15.6%	1.6%
Latest 2 years (annualised)	11.8%	10.2%	1.6%
Latest 1 year	15.9%	13.5%	2.4%
Year to date	3.2%	3.6%	(0.4)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.3%	17.2%
Sharpe Ratio	0.55	0.31
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	60.4%	59.7%

	Fund	Date Range
Highest annual return	68.9%	May 2005 - Apr 2006
Lowest annual return	(31.7)%	May 2002 - Apr 2003

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2023	8.4%	(2.1)%	(4.2)%	2.0%	(5.7)%	5.6%							3.2%
Fund 2022	1.8%	3.4%	(0.1)%	(2.3)%	1.5%	(6.6)%	3.2%	(0.9)%	(3.0)%	5.7%	10.4%	(3.0)%	9.5%
Fund 2021	4.5%	5.8%	3.5%	0.3%	0.4%	(2.3)%	3.5%	1.1%	(1.5)%	4.8%	(1.8)%	4.2%	24.5%
Fund 2020	(0.3)%	(8.8)%	(12.4)%	12.4%	1.8%	4.8%	2.4%	(0.3)%	(0.7)%	(5.3)%	13.5%	5.1%	9.3%
Fund 2019	3.2%	3.6%	3.1%	2.7%	(5.0)%	2.4%	(2.0)%	(2.6)%	2.9%	3.9%	0.8%	2.8%	16.4%

	1 Year*	3 Year
Total Expense Ratio	0.94%	1.01%
Fee for performance in line with benchmark	0.60%	0.60%
Adjusted for out/(under)-performance	0.21%	0.27%
Fund expenses	0.01%	0.01%
VAT	0.12%	0.13%
Transaction costs (inc. VAT)	0.25%	0.30%
Total Investment Charge	1.18%	1.30%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2023
<b>Domestic Assets</b>	<b>100.0%</b>
■ Equities	99.8%
Basic Materials	26.3%
Consumer Goods	9.8%
Consumer Services	9.0%
Telecommunications	6.6%
Financials	31.3%
Technology	16.7%
■ Cash	0.2%

## TOP 10 HOLDINGS

As at 30 Jun 2023	% of Fund
Prosus Nv	12.0%
Standard Bank Of SA Ltd	10.6%
Nedbank Ltd	10.5%
Mtn Group Ltd	6.6%
Anglo American Plc	6.3%
Sasol Ltd	5.5%
Anheuser-busch Inbev Sa/nv	5.5%
Naspers Ltd	4.7%
British American Tobacco Plc	4.4%
Glencore Plc	4.3%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2023	03 Apr 2023	112.01	111.42	0.58
30 Sep 2022	03 Oct 2022	513.99	513.53	0.47
31 Mar 2022	01 Apr 2022	138.60	138.16	0.44
30 Sep 2021	01 Oct 2021	408.70	408.09	0.60

\*This column shows the most recently available figures for the 12 months ending May 2023.

The 12-month TER for the financial year ending September 2022 was 0.63% which included a -0.05% adjustment for out/(under) performance and a total investment charge of 0.95%.

Issue date: 2023/07/14

***Please note that the commentary is for the discounted class of the Fund.***

## Performance

The Fund returned 1.6% for the quarter and 15.9% for the last 12 months. The long-term performance of the Fund remains pleasing against both the peer group and the benchmark.

Our overweight banks and MTN positions contributed to relative quarterly performance, while overweight positions in Anheuser-Busch InBev and the diversified miners detracted.

## Fund positioning

The quarter was characterised by stubbornly high inflation prints, which are being met with the prospect of continued interest rate hikes; US economic growth being very resilient; concerns about Chinese growth and its housing market; and heightened East-West geopolitical tensions. Despite all of this, the MSCI World Index gained 6.8% and is now within a whisker of its all-time high.

Conditions were even tougher on the domestic front, with high levels of loadshedding and the threat of sanctions for possible weapons supply to the Russians having a marked impact on the SA economy. The JSE Capped SWIX managed to eke out a 1% gain for the quarter. Some of these themes are discussed in more detail below.

It was a tough and volatile quarter for most metal markets. The market remains very data point driven, largely centered around the possibility and extent of stimulus measures introduced by the Chinese government (along with the sub-sectors that stand to benefit). Chinese property sales remain weak as developers have been overlevered and buyers are cautious. This is having an impact on short-term iron ore demand. Demand for energy transition metals remains resilient, while base metal inventories remain at multi-decade lows and supply growth constrained. Any base metal demand surprises here are likely to be met with a supply squeeze. The diversified mining shares sold off on weak sentiment and we added to all of these positions in the Fund.

Our platinum group metals (PGM) thesis has been tested by the fast pace of battery electric vehicle (BEV) adoption (despite us already having robust adoption assumptions in place), largely due to the pace of Chinese BEV capacity. The resultant impact on PGM demand (lowering PGM prices) collided with expectations of high producer cost increases owing to SA loadshedding. In fact, at current prices, a number of SA assets are at breakeven or worse. We reduced our Implats holding materially over the quarter.

While the Chinese data was a headwind for commodity prices, it was a tailwind for consumer-facing Chinese businesses as they benefited from the reopening after the country abandoned its 'zero-Covid' policy. This, coupled with a resilient US consumer, saw Richemont grow its annual sales by 14% in constant exchange rates. The share price performed strongly on the back of this. We are concerned that the market is extrapolating this growth rate and have reduced the size of our holding. Richemont remains a fantastic business, with excellent long-term fundamentals.

Another Chinese-themed beneficiary this quarter was our Naspers/Prosus holding. A more benign Chinese regulatory environment, coupled with the Group announcing a simplification of its cross-holding structure, aided a good share price performance.

MTN performed strongly as the new Nigerian President announced a number of tough decisions (scrapping the fuel subsidy and allowing the Naira to trade freely) that we expect to benefit the Nigerian economy in the long run.

Within the domestic universe, considered stock picking is required to identify businesses that can deliver real earnings growth despite the subdued growth outlook and rising costs of doing business. A slew of weak results across the retailers have illustrated the pain that comes when costs grow faster than the top line. We favour businesses with strong franchises that can grow faster than the underlying economy and that can pass cost pressures on to customers.

Our bank holdings remain an "anchor tenant" within our domestic-facing holdings. They trade on low ratings and high dividend yields and continue to grow earnings strongly as they benefit from the South African Reserve Bank's interest rate increases. Although they are exposed to the tough consumer environment, conservative advances growth into this cycle and high levels of provisioning should mitigate increased credit losses. Within the banks, we sold out of ABSA and applied the proceeds to existing holdings in Standard Bank and Nedbank.

## Outlook

Looking at the price-earnings ratio, dividend yield and upside for the Fund, we remain optimistic about the Fund's future return prospects from this base.

**Portfolio managers**  
**Neville Chester and Nicholas Stein**  
 as at 30 June 2023

#### IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION TOP 20 FUND

The Top 20 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. Asset allocation and top 10 holdings are reflected on a look-through basis. 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.

#### HOW ARE THE BENCHMARK RETURNS CALCULATED?

From 1 April 2021 the fund's benchmark is the FTSE/JSE Capped Shareholders Weighted All Share Index which replaces the FTSE/JSE Capped All Share Index. The benchmark returns shown in this MDD will be spliced between the previously applicable index values (includes the Top 40 Index up to 30 September 2015 and CAPI up to 31 March 2021) and the new index returns from 1 April 2021.

Note that we use the formal SA – Equity – General category benchmark as specified in the ASISA Standard on Fund Classification, which is currently the FSTE/JSE All Share 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 a rolling 12-month period to the last available month end (updated monthly). The financial year TER displayed at the bottom of page 2, is the latest available 12-month TER to the end of the previous financial year ending 30 September (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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