

## WHAT IS THE FUND'S OBJECTIVE?

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

## WHAT DOES THE FUND INVEST IN?

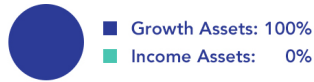
The fund's managers actively seek out attractively valued shares that could offer strong long-term growth.

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 0.50% and a maximum of 3.00%, 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 1.00% will be charged. We share in 20% of performance above the benchmark, up to a maximum total annual fee of 3.00%. 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

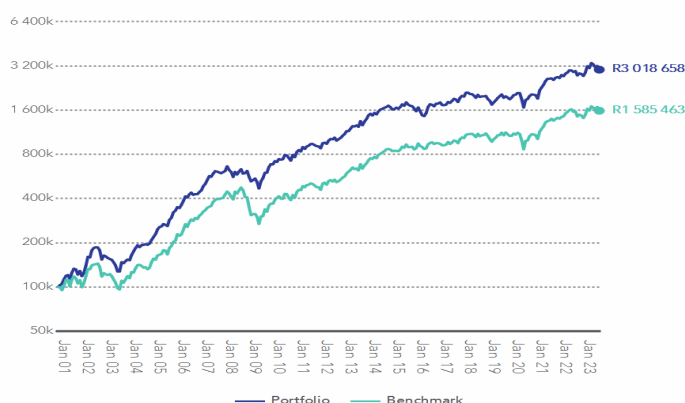
Launch Date	2 October 2000
Fund Class	A
Benchmark	FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX)
ASISA Fund Category	South African – Equity – General
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORTP20
ISIN Code	ZAE000026431
JSE Code	CNTF

CLASS A as at 31 May 2023

ASISA Fund Category	South African - Equity - General
Launch date	02 October 2000
Fund size	R24.82 billion
NAV	18158.67 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)	2918.7%	1485.5%	1433.2%
Since Launch (annualised)	16.2%	13.0%	3.3%
Latest 20 years (annualised)	16.3%	14.3%	2.0%
Latest 15 years (annualised)	11.0%	8.4%	2.6%
Latest 10 years (annualised)	8.4%	8.7%	(0.3)%
Latest 5 years (annualised)	8.9%	8.3%	0.6%
Latest 3 years (annualised)	16.5%	16.8%	(0.3)%
Latest 2 years (annualised)	7.1%	6.5%	0.6%
Latest 1 year	2.2%	1.1%	1.1%
Year to date	(2.4)%	(0.2)%	(2.2)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.3%	17.2%
Sharpe Ratio	0.52	0.31
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	60.3%	59.6%

	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	8.3%	(2.2)%	(4.2)%	2.0%	(5.7)%								(2.4)%
Fund 2022	1.8%	3.4%	(0.1)%	(2.3)%	1.4%	(6.6)%	3.2%	(0.9)%	(3.0)%	5.6%	10.4%	(3.0)%	9.0%
Fund 2021	4.5%	5.8%	3.5%	0.3%	0.4%	(2.3)%	3.5%	1.1%	(1.5)%	4.7%	(1.8)%	4.2%	24.1%
Fund 2020	(0.4)%	(8.8)%	(12.4)%	12.4%	1.8%	4.8%	2.4%	(0.3)%	(0.7)%	(5.3)%	13.5%	5.0%	9.0%
Fund 2019	3.2%	3.5%	3.1%	2.6%	(5.1)%	2.3%	(2.0)%	(2.6)%	2.8%	3.9%	0.8%	2.8%	15.8%
Fund 2018	(0.3)%	(2.1)%	(3.4)%	4.8%	(3.4)%	0.9%	0.2%	0.6%	(4.8)%	(2.8)%	(5.7)%	3.8%	(12.2)%
Fund 2017	4.2%	(1.5)%	3.0%	3.6%	(1.1)%	(3.9)%	6.8%	3.2%	(1.1)%	6.3%	0.1%	(2.1)%	18.1%
Fund 2016	(1.4)%	4.8%	10.3%	4.3%	(1.0)%	(2.3)%	4.2%	0.3%	1.8%	(4.0)%	(0.3)%	1.0%	18.3%
Fund 2015	2.7%	4.2%	(2.2)%	5.5%	(3.4)%	(1.8)%	(0.6)%	(3.7)%	(4.2)%	6.1%	(5.6)%	(6.2)%	(9.8)%
Fund 2014	(2.4)%	4.6%	3.0%	1.3%	1.6%	1.3%	2.1%	(2.2)%	(3.7)%	0.6%	2.3%	(1.6)%	6.8%

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

The 12-month TER for the financial year ending September 2022 was 1.05% which included a -0.09% adjustment for out/(under) performance and a total investment charge of 1.37%.

Issue date: 2023/06/09

Total Expense Ratio	1 Year*	3 Year
	1.31%	1.34%
Fee for performance in line with benchmark	0.99%	1.00%
Adjusted for out/(under)-performance	0.14%	0.16%
Fund expenses	0.01%	0.01%
VAT	0.17%	0.17%
Transaction costs (inc. VAT)	0.26%	0.30%
Total Investment Charge	1.57%	1.64%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2023
<b>Domestic Assets</b>	<b>100.0%</b>
■ Equities	100.0%
Basic Materials	28.8%
Consumer Goods	8.9%
Consumer Services	8.2%
Telecommunications	6.4%
Financials	31.8%
Technology	15.9%
■ Cash	0.0%

## TOP 10 HOLDINGS

As at 31 Mar 2023	% of Fund
Prosus Nv	12.2%
Standard Bank Of SA Ltd	10.0%
Nedbank Ltd	8.7%
Anheuser-busch Inbev Sa/nv	7.1%
Anglo American Plc	6.0%
Mtn Group Ltd	5.9%
Impala Platinum Holdings Ltd	5.1%
Sasol Ltd	5.0%
Compagnie Financiere Richemont Sa	4.5%
Momentum Metropolitan Holdings	4.4%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2023	03 Apr 2023	76.91	76.51	0.40
30 Sep 2022	03 Oct 2022	478.30	477.86	0.44
31 Mar 2022	01 Apr 2022	99.77	99.46	0.31
30 Sep 2021	01 Oct 2021	383.71	383.15	0.57

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

### Performance

The Fund returned 1.5% for the quarter and 5.2% for the last 12 months. The long-term performance of the Fund remains pleasing against both the peer group and its benchmark.

### Fund positioning

The Fund reduced exposure to Anglo American and Momentum Metropolitan during the quarter on the back of strong share price performances and reduced margin of safety. Capital was redeployed into Sanlam, Sasol, and a new position in BHP Billiton.

Contributors to relative performance for the three-month period were our large positions in Anheuser-Busch InBev (ABI) and Naspers/Prosus. The pullback in the Impala Platinum share price was the largest detractor for the quarter although, on a net basis, the Fund's low exposure to the PGM sector contributed positively. Not having exposure to the gold sector hurt performance as the gold price rallied strongly on the back of the Silicon Valley Bank (SVB) failure and ensuing uncertainty.

We also reduced our exposure to commodities in general during the quarter as we took profits after a strong run. Share prices got ahead of themselves as the market became excited about the potential for strong demand in response to China's re-opening post their Covid isolation. We expect the re-opening to be positive for commodity demand, but the market priced in too much too soon. The gold sector in particular has gotten ahead of itself as we feel that the market has overreacted on the back of the SVB failure in the US and ensuing monetary policy uncertainty.

Rapid rate rises triggered an asset-liability mismatch at SVB (America's 16<sup>th</sup> largest bank) which resulted in its failure. Regulatory rescues in the US seem to have subsequently calmed markets, but not in time, for the contagion wrought by the failure of SVB (and Signature Bank) contributed to the demise of Credit Suisse. As a result, expectations of future central bank interest rate hikes have eased, and coupled with uncertainty, proved supportive of the gold price (up 8% over the quarter and close to nominal all-time highs). Even if one were to assume that today's elevated gold prices hold (in real terms) into perpetuity, we do not see value in the gold sector. Capital and cost discipline have been poor and are likely to remain so in a high gold price environment. We are also seeing a big step-up in M&A activity which tends to be value destructive at this point in the cycle.

We added BHP Billiton to the Fund as a pullback in the share price combined with an improved outlook on our assessment of the company's fundamentals. BHP Billiton has recently gone to great lengths to demonstrate the value of its internal growth options over the coming decade. A previous concern of ours was that a lack of internal opportunity led to volume decline and the potential for large scale M&A to offset this. The business is in the process of completing a sensible acquisition of Oz Minerals which is complimentary to their existing Olympic Dam asset and will increase its copper optionality in the long term. While the risk of larger and less sensible M&A remains, we do feel it has been reduced by

the internal focus and purchase of Oz Minerals. BHP's iron ore business is a world-class asset, and it can deliver iron ore to China at around \$30/ton, which is 75% below today's spot price. Iron ore makes up 70% of BHP's value and despite normalising prices 25% below spot and in line with marginal cost, there is sufficient margin of safety in BHP to build a position.

The Fund has a large position in ABI, which contributed strongly over the quarter with the share price up 17% but a more impressive +46% from the lows in September last year. ABI is the largest beer producer in the world by volume in a business where scale begets profitability and returns. The company has a few tough years behind it with Covid lockdowns impacting beer sales and rapidly increasing input costs in the last 18 months which has hurt profitability. These events came on the back of a few years of disappointing volume performances from some of the key regions, the US in particular. ABI has since refocused their efforts on brand building and category expansion which was starting to bear fruit before the recent Covid and input cost crises. As sales normalise and input costs abate, we expect ABI's pricing power and volume growth strategy to lead to a normalisation of margins at the operating profit level. Given their relatively elevated gearing levels, the de-gearing from this point leads to a 12% CAGR in USD earnings per share over the next five years. Despite the recent strong share price performance, we still see value in the ABI share price; currently trading at 17 times one-year multiple on depressed earnings.

### Outlook

While the macroeconomic environment remains uncertain at a global level and tough in South Africa, we believe that low starting valuations should be indicative of attractive prospective return from the Fund. The Fund is defensively positioned in South African equities with a skew towards companies that should be able to grow their earnings bases despite the tough economic outlook.

### Portfolio managers

**Neville Chester and Nicholas Stein**  
as at 31 March 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 A 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.

**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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