CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

Fund Information as at 31 May 2022

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

Global Optimum Growth [ZAR] Feeder Fund aims to maximise long-term investment growth by investing in a globally diversified portfolio with exposure to both developed and emerging markets across multiple asset classes. Our intent is to provide competitive after inflation returns over all five-year periods.

WHAT DOES THE FUND INVEST IN?

Global Optimum Growth [ZAR] Feeder Fund will normally have a significant bias towards shares, but can invest in a variety of assets including listed property, bonds and cash. The fund has a flexible mandate and can invest in any combination of developed economies (including the US, Europe and Japan), South African assets and other emerging market assets.

The fund will vary exposure to South African, developed and emerging market assets based on where the most attractive valuations are available. We expect the fund to have the majority of its assets invested in global equities over time. Its exposure will be in a variety of currencies, primarily the US dollar, British pound, euro and yen.

The fund may use exchange traded funds and other financial instruments (eg. derivatives) to implement specific investment views.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

7/10
Aggressive

Maximum growth/
minimum income exposures

Growth Assets: 100%
Income Assets: 0%

Global Optimum Growth [ZAR] Feeder Fund aims to achieve the best possible long-term growth for investors.

Consequently, it will have a sizeable exposure to shares, which typically offer the best returns over the long run.

Global Optimum Growth [ZAR] Feeder Fund will only invest in assets we view as being attractively valued and that could offer strong long-term investment growth. The fund's share selection is the result of rigorous international research conducted by Coronation's investment team.

While shares typically offer superior long-term returns, this comes with higher levels of risk and volatility. We have a disciplined approach to reducing risk, but shares can be volatile investments and may suffer capital losses over the short term. Global currency movements may intensify investment gains or declines.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

An investment term of more than ten years is recommended.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- are looking for the best growth opportunities available in both developed and emerging markets and accept the possibility of volatility and the risk of short-term losses;
- are comfortable with allowing Coronation a wide degree of discretion, in allowing us to make both the asset and geographical allocation decisions;
- require investment growth over the long term and accept the possibility of volatility and the risk of short-term losses;
- do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.85% and a maximum of 2.40%, 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 the outperformance above the benchmark, up to a maximum total annual fee of 2.40%. 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 0.15%.

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 any fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

GAVIN JOUBERT
BBusSc, CA (SA), CFA

MARC TALPERT
BAccSc, HDipAcc, CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	15 March 1999
Fund Class	A
Benchmark	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
ASISA Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COROPTG
ISIN Code	ZAE000019782
JSE Code	CNOG

CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

CLASS A as at 31 May 2022

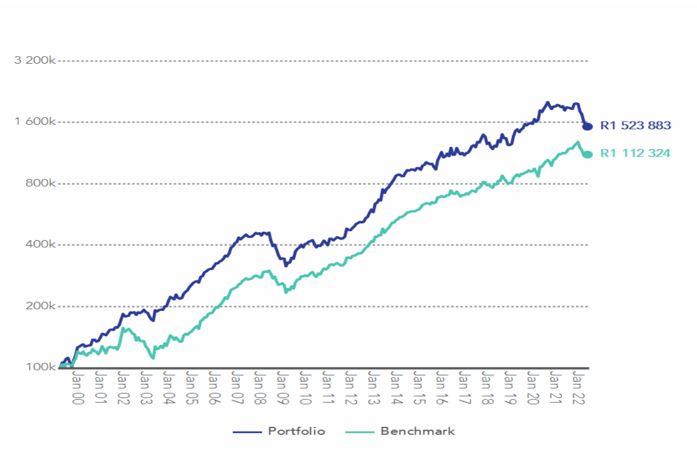
CORONATION
TRUST IS EARNED™

ASISA Fund Category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R12.36 billion
NAV	11991.54 cents
Benchmark/Performance Fee Hurdle	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
Portfolio manager/s	Gavin Joubert and Marc Talpert

	1 Year	3 Year
Total Expense Ratio	1.89%	1.81%
Fee for performance in line with benchmark	0.96%	0.91%
Adjusted for out/(under)-performance	0.60%	0.53%
Fund expenses	0.10%	0.15%
VAT	0.23%	0.22%
Transaction costs (inc. VAT)	0.14%	0.12%
Total Investment Charge	2.03%	1.93%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE OVER VARIOUS PERIODS (AFTER FEES) (ZAR)

	Fund	Inflation	Benchmark
Since Launch (unannualised)	1423.9%	273.3%	1012.3%
Since Launch (annualised)	12.5%	5.9%	11.0%
Latest 20 years (annualised)	11.1%	5.5%	10.6%
Latest 15 years (annualised)	8.5%	5.6%	9.7%
Latest 10 years (annualised)	11.3%	5.0%	11.8%
Latest 5 years (annualised)	4.3%	4.4%	8.5%
Latest 3 years (annualised)	2.0%	4.4%	8.6%
Latest 1 year (annualised)	(16.8)%	6.1%	(1.4)%
Year to date	(22.6)%	2.7%	(13.3)%
Annualised Deviation	12.6%	1.5%	10.9%
Sharpe Ratio	0.35	(1.51)	0.27
Downside Deviation	7.3%	0.7%	5.8%
Positive Months	62.9%	91.4%	62.9%

	Fund	Date Range
Highest annual return	51.1%	Jan 2013 - Dec 2013
Lowest annual return	(31.5%)	Mar 2008 - Feb 2009

PERFORMANCE OVER VARIOUS PERIODS (AFTER FEES) (USD)

	Fund	US CPI	Benchmark
Since Launch (unannualised)	502.1%	76.2%	340.0%
Since Launch (annualised)	8.1%	2.5%	6.6%
Latest 20 years (annualised)	8.5%	2.4%	8.0%
Latest 15 years (annualised)	2.9%	2.3%	4.1%
Latest 10 years (annualised)	4.7%	2.4%	5.2%
Latest 5 years (annualised)	0.6%	3.5%	4.7%
Latest 3 years (annualised)	(0.3)%	4.2%	6.1%
Latest 1 year (annualised)	(26.9)%	7.5%	(13.5)%
Year to date	(21.1)%	3.0%	(11.7)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2022
Equities	**79.1%**
North America	32.3%
Europe	21.4%
Asia	13.1%
South Africa	7.6%
Latin American	4.8%
Commodities	**2.8%**
Europe	2.8%
Real Estate	**0.4%**
South Africa	0.1%
Latin American	0.1%
Europe	0.1%
North America	0.1%
Bonds	**6.4%**
South Africa	6.4%
Cash	**11.3%**
USD	7.6%
Other	3.8%
ZAR	0.0%

TOP 10 HOLDINGS

As at 31 Mar 2022	% of Fund
JD.com Inc Adr	4.2%
Canadian Pacific Railway Ltd	3.8%
Alphabet Inc	3.4%
Amazon Com Inc	3.0%
Prosus Na	2.6%
Capri Holdings Ltd	2.5%
AngloGold Ashanti Limited	2.4%
Canadian National Railway Co	2.3%
Microsoft Corp	2.3%
Anglo American Plc	2.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	57.31	48.05	9.25
29 Mar 2019	01 Apr 2019	30.81	26.96	3.85
28 Sep 2018	01 Oct 2018	69.10	67.56	1.54
29 Sep 2017	02 Oct 2017	15.67	13.67	2.00

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(8.1)%	(2.9)%	(7.5)%	(4.5)%	(1.7)%								**(22.6)%**
Fund 2021	1.7%	(0.5)%	(1.8)%	1.0%	(4.6)%	3.4%	(0.3)%	(0.7)%	(0.8)%	5.8%	0.6%	(0.6)%	**2.9%**
Fund 2020	5.4%	(2.8)%	2.2%	11.1%	(1.7)%	3.8%	3.3%	4.2%	(4.1)%	(3.5)%	2.7%	0.1%	**21.6%**

Issue date: 2022/06/09

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

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

The Fund declined by 10.0% in USD in the first quarter of 2022 (Q1-22), which translates into a decline of 17.5% in ZAR as the bulk of the Fund's exposure is in non-ZAR denominated assets. There were a number of drivers behind this very disappointing performance, including weak global equity markets and ZAR strength (+9.2%). In addition, the Fund had 3.6% exposure to Russian stocks prior to the Ukranian invasion, with more than 50% of this being in Magnit, the second-biggest food retailer in the region. As it stands today, we have written these assets down to zero, but retain ownership, and are monitoring the fluid situation to drive the best outcome for our clients.

We are acutely aware of the more recent poor absolute returns generated by the Fund, but we believe that the collection of assets held in the portfolio still offers very compelling long-term risk-adjusted returns with which to deliver on the Fund's goal of compounding capital well ahead of inflation. The weighted average equity upside of the Fund is currently 73%, which is one of the highest levels since inception. Over the past five years, the Fund has generated a positive return of 6.8% per annum (p.a.), 12.3% p.a. over 10 years, and 12.9% p.a. since inception over 20 years ago.

The first quarter of 2022 has been event filled, the most notable of which has been the horrific invasion of Ukraine by Russia. This has caused both untold human suffering, along with being a hugely disruptive force to multiple commodity markets due to the role played by both Russia and Ukraine in the production of various commodities. This is further exasperating global inflation concerns, with inflation levels across the world now at levels not seen for decades. It has also brought about global instability, and heightened nationalism with the impact of geopolitics on financial markets being at a level not seen in years. This creates a backdrop of increased uncertainty and lower visibility, which both contribute towards increased market volatility. Environments like this also create opportunity that can be taken advantage of by leveraging our deep research and long-term orientated investment philosophy.

The long-term impact of the Ukraine invasion, how it ultimately gets resolved and the role China plays in this, all have potential long-term consequences for the world order, and structural trend of globalisation, which has been a material contributor to overall economic growth globally for three decades. Due to numerous contributing factors, there is an incredible amount of complexity in making a call on whether the globalisation trend is over, but it is a topic we remain aware of due to the historic deflationary impact on global goods production, which made goods more affordable for millions of consumers. Should this trend reverse, the structural implications on global inflation need to be considered due to the important role inflation plays on real return outcomes for investors.

These considerations and associated risks are embedded in the Fund's portfolio construction to deliver the best risk-adjusted returns. The outcome of this is that the Fund is exposed to a diversified basket of companies with distinct and different long-term growth drivers – for example, around 45% of the Fund is invested in diverse categories, such as US large cap internet (13% of Fund), China internet (11% of Fund), luxury and sporting goods (7% of Fund), North American railroads (6% of Fund), mining, including oil (6% of Fund), and gold equities (3% of Fund).

We continue to focus a lot of time on China, with the Fund having about 12% exposure to Chinese assets. We continue to feel these assets are very attractively priced, but acknowledge the risks, most notably the autocratic leadership along with the continued regulatory intervention, but note the government has recently made positive comments regarding the support of capital markets and the need for more predictable and coordinated regulatory intervention. Prosus/Naspers (indirect exposure to Tencent) and JD.com continue to make up just under 70% of this Chinese exposure, and 8.5% of the portfolio in total.

During the quarter, the largest positive contributors were SA government bonds (+12%, 0.59% positive impact), Canadian Pacific Railway (+15%, 0.51% positive impact), Anglo American (+34%, 0.38% positive impact) and Sendas (+45%, 0.33% positive impact). The largest negative contributors were Magnit (-99%, 2.53% negative impact), Naspers (-34%, 1.56% negative impact), Delivery Hero (-60%, 1.14% negative impact) and Yandex (-99%, 1.12% negative impact).

There is a material difference between how Magnit was priced in its London listing before trading was halted (and where it is still halted) and how it is now being priced on the Moscow Exchange (where trading has now resumed). In London, there was significant selling on the day of the invasion and the few days that followed. A large part of this selling was clearly 'get out at any cost' selling, which resulted in Magnit closing at $0.012 a share in London before trading was halted. This values the entire company at $6m. Magnit, in our view, should generate around $500m of free cash flow (FCF) this year, putting the company on a FCF yield of 8,333%. In contrast, on the Moscow exchange, Magnit is now almost back to its pre-invasion share price, valuing the business at $5bn (a 10% FCF yield). Whether the Moscow price is artificial can be debated (as foreign investors can't yet participate in the market), but the fact remains that there is good volume being traded between willing local buyers and sellers. We don't know whether the London price (that Magnit is basically worth 0) or the Moscow price (that Magnit is worth $5b) is right, or if the answer is somewhere in between. But we do believe that from an operational point of view, Magnit will continue to do well (selling basic essential goods (food) and taking market share from weaker operators), and as we have written down the value to 0, there is now only upside optionality.

The performance of Naspers was impacted by the discount to its net asset value (NAV) widening materially in the quarter from ~40% to ~60%. They had ~4% of NAV exposed to Russian assets, along with owning (outside of Tencent) primarily loss-making internet assets, which have derated globally – both of these factors most likely contributed to the widening of the discount. We retain our views that Tencent is attractive in its own right and that the non-Tencent assets have and continue to create value for the group (as evidenced by our assessment of the 12% p.a. Internal Rate of Return (IRR) generated by non-Tencent assets over a 17-year period). It should also be noted that management have made public comments that all structural solutions are being considered at these extreme discount levels.

Delivery Hero (offering food take-out delivery in 72 countries) is both an underlying investment of Prosus/Naspers (with them owning ~27% of the asset) and an outright shareholding by the Fund. Delivery Hero's share price came under significant pressure post their Q4-21 results, which disappointed from a near-term probability standpoint, with the business incurring higher-than-expected losses. The latter was primarily driven by their investments in on-demand grocery. This was further exasperated by the group's high debt levels, which saw them still generate negative free cash flow. While these issues are real, we believe they are more transitory in nature and have provided a compelling opportunity to increase our exposure to the asset. Management has numerous levers to pull to drive profitability higher longer term, and this is already happening in more mature markets, providing evidence that the model is working. The business still has a leadership position in markets accounting for 95% of their gross merchandise value (GMV), with the industry still nascent. This is due to low order frequencies that continue to improve, as shown by customer cohort data indicating spend per individual customer increases in excess of 2x over a two-year period. This illustrates both loyalty and demand for the service. As growth investments normalise, we feel the FCF potential of the business will become apparent, and the current valuation is extremely compelling in our view.

The Fund ended the quarter with 79.4% net equity exposure, slightly higher than the exposure on 31 December 2021, as we bought attractive stocks selectively. Post quarter end, the exposure has come down to around 74%, primarily as a result of buying more protection (put options), mainly in Europe, where the risks are increasing in our view. The put option protection at the time of writing was 14.2% of Fund (effective), which is at the very high-end of where it has been historically. This is given the above-normal risks and a resultant wider range of potential outcomes we see in the world right now. Our negative view on global bonds remained unchanged, but as rates have begun to rise, we will be on the lookout for opportunities. However, we still do not feel that global bonds look attractive yet, and do not compensate you for the risks undertaken, which are increasing due to inflation and rising interest rates. We do, however, continue to hold South African government bonds (SAGBs) that now represent 6.2% of Fund. Our view on the SA fiscal situation has improved somewhat, which, coupled with the fact that we are receiving a ~10% yield on these bonds, is attractive in our view. Furthermore, considering that inflation within SA remains controlled, the real yields of SAGBs are among the highest in the world.

The Fund continues to have a physical gold position of 2.8%, a 2.4% holding in AngloGold Ashanti, and a 0.4% holding in Gold Fields, amounting to just under 6% in total gold exposure. The gold price is up 7% in US dollars for the first quarter, and we continue to hold the position for its diversifying properties in what we characterise as a low visibility world with increasingly visible inflation and geopolitical risks. AngloGold Ashanti has performed well more recently (+49% in the past six months) but remains attractive due to the likelihood of operational improvements under the newly appointed CEO, which should lead to improved business performance, with the business trading on a 12 price-earnings ratio. The balance of the Fund is invested in cash, largely offshore.

As the outlook for the future remains uncertain and hard to predict, we take comfort in the fact that the Fund holds a collection of businesses that we feel are attractively priced and can operate in what we deem a highly complex and fast-changing environment with elevated inflation and geopolitical risks. Also, because the Fund is a multi-asset flexible fund, we have access to additional tools with which to take advantage of dislocations in the market, along with risk control measures such as put options. Current index put option exposure is 14% (effective) and over 30% (nominal), as a percentage of Fund, which will shield the Fund somewhat should there be a significant drawdown in equity indices.

Notable increases in position sizes during the quarter were Alphabet, Amazon, Microsoft, and Delivery Hero. We have selectively increased our exposure to big technology companies (as mentioned above) due to their attractive valuations relative to their growth prospects, which are supported by structural growth drivers that should remain in place even through macro volatility or weakness.

There remains an elevated number of unknowns today compared to the past due to a potential structural change in inflation rates across the globe, along with geopolitics bringing about another element of risk. We remain aware of these risks, and they are factored into our portfolio construction, but the primary focus remains bottom-up analysis of individual businesses. Against this uncertain backdrop, we remain positive on the outlook for the Fund, which has been built bottom up, with a collection of attractively priced assets to provide diversification to achieve the best risk-adjusted returns going forward in a variety of future scenarios.

Portfolio managers
Gavin Joubert and Marc Talpert
as at 31 March 2022

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

The Global Optimum Growth [ZAR] Feeder 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 100% 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. 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 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.

BENCHMARK DETAILS

The benchmark used for performance purposes is a composite benchmark consisting of 35% MSCI World Daily Total Net Return Index (MSCI World), 35% MSCI Global Emerging Markets Daily Total Net Return Index (MSCI EM), and 30% Barclays Global Aggregate Bond Total Return Index Unhedged USD (BGBA).

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 the current financial year (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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