CORONATION OPTIMUM GROWTH FUND

Fund Information as at 31 July 2018

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

Optimum Growth aims to maximise long-term investment growth by investing in a range of opportunities available in public asset markets from both South Africa and around the world. Our intent is to provide competitive after inflation returns measured in rand over all five year periods.

WHAT DOES THE FUND INVEST IN?

Optimum Growth 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%

Optimum Growth 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.

Optimum Growth 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 five 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 South African and international markets;
- are comfortable with allowing Coronation a wide degree of discretion, in allowing us to make both the equity and international 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

NEVILLE CHESTER
BCom, CA (SA), CFA

KARL LEINBERGER
BBusSc, CA (SA), CFA

MARK LE ROUX
BCom

LOUIS STASSEN
BSc, BCom (Hons), CFA

GENERAL FUND INFORMATION

Launch Date	15 March 1999
Fund Class	A
Benchmark	Composite: 35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA
Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COROPTG
ISIN Code	ZAE000019782
JSE Code	CNOG

CORONATION OPTIMUM GROWTH FUND

CLASS A as at 31 July 2018

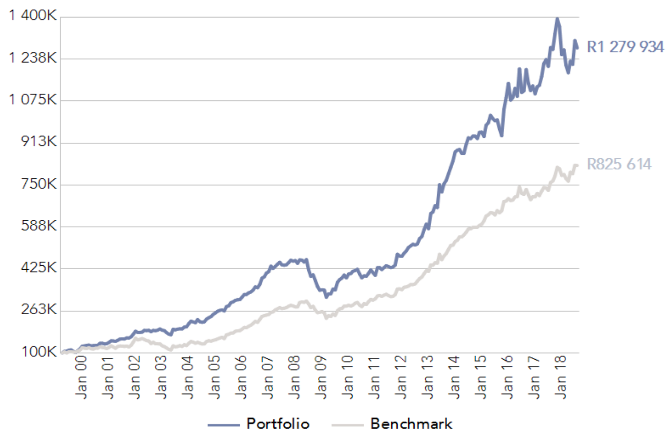
CORONATION
TRUST IS EARNED™

Fund category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R 6.79 billion
NAV	10212.64 cents
Benchmark/Performance Fee Hurdle	Composite (35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA)
Portfolio manager/s	Neville Chester, Gavin Joubert, Karl Leinberger, Mark le Roux and Louis Stassen

	1 Year	3 Year
Total Expense Ratio	1.60%	1.43%
Fee for performance in line with benchmark	1.00%	1.00%
Adjusted for out/(under)-performance	0.35%	0.18%
Fund expenses	0.07%	0.08%
VAT	0.19%	0.17%
Transaction costs (inc. VAT)	0.18%	0.17%
Total Investment Charge	1.78%	1.60%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2018
Equities	**66.7%**
North America	26.3%
Europe	21.3%
Asia	9.3%
Latin American	4.4%
United Kingdom	4.1%
South Africa	1.3%
Cash	**24.7%**
Other	11.5%
USD	9.5%
ZAR	3.6%
Commodities	**2.3%**
Gold	2.3%
Preference Shares & Other Securities	**0.0%**
South Africa	0.0%
Real Estate	**6.3%**
North America	2.3%
Europe	2.2%
United Kingdom	1.8%

PERFORMANCE FOR VARIOUS PERIODS VS BENCHMARK (AFTER FEES) (ZAR)

	Fund	Benchmark	Inflation
Since Launch (unannualised)	1179.9%	725.6%	217.0%
Since Launch (annualised)	14.1%	11.5%	6.1%
Latest 15 years (annualised)	13.5%	13.4%	5.7%
Latest 10 years (annualised)	12.4%	11.6%	5.3%
Latest 5 years (annualised)	11.1%	11.7%	5.4%
Latest 3 years (annualised)	8.5%	8.2%	5.2%
Latest 1 year (annualised)	(0.2)%	8.7%	5.0%
Year to date	2.0%	4.9%	3.5%
Annualised Deviation	12.2%	10.7%	1.5%
Sharpe Ratio	0.45	0.27	(1.65)
Downside Deviation	7.0%	5.6%	0.7%
Positive Months	65.1%	62.9%	92.7%

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

TOP 10 HOLDINGS

As at 30 Jun 2018	% of Fund
Philip Morris Int Inc	4.5%
British American Tobacco Plc	4.3%
Alphabet Inc	4.0%
Porsche Automobil Hldg-Prf	3.6%
Airbus Group SE	3.4%
Naspers Ltd	3.2%
Facebook Inc.	3.1%
Adidas AG	2.9%
Blackstone Group	2.7%
Ping An Insurance Group Co	2.6%

PERFORMANCE FOR VARIOUS PERIODS VS MSCI ACWI (AFTER FEES) (USD)

	Fund	Benchmark	MSCI ACWI
Since Launch (unannualised)	495.7%	285.0%	181.1%
Since Launch (annualised)	9.7%	7.2%	5.5%
Latest 10 years (annualised)	5.9%	5.2%	7.3%
Latest 5 years (annualised)	4.7%	5.2%	9.8%
Latest 3 years (annualised)	6.7%	6.5%	9.0%
Latest 1 year (annualised)	(1.2)%	7.9%	11.0%
Year to date	(5.1)%	(2.2)%	2.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2017	02 Oct 2017	15.67	13.67	2.00
31 Mar 2017	03 Apr 2017	23.05	23.05	0.00
31 Mar 2016	01 Apr 2016	2.88	0.82	2.06
30 Sep 2015	01 Oct 2015	27.61	21.60	6.01

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	1.5%	(4.6)%	(2.4)%	3.8%	(1.0)%	7.6%	(2.2)%						2.0%
Fund 2017	2.5%	0.4%	3.0%	4.3%	1.3%	(2.1)%	6.0%	(0.6)%	4.8%	4.3%	(2.1)%	(8.0)%	13.7%
Fund 2016	(5.7)%	0.9%	3.3%	(2.7)%	9.7%	(7.6)%	0.5%	7.4%	(4.4)%	(2.5)%	1.6%	(2.7)%	(3.5)%

Issue date: 2018/08/07

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 appreciated by 10.5% in the 2nd quarter of 2018, which was 2.4% ahead of its benchmark. The fund has now appreciated by 4.4% year-to-date, with ZAR depreciation playing a large role in the return as c. 90% of the fund is invested offshore. In terms of individual contributors year to date, Airbus (+32%) is the largest contributor and has added 1% to the fund's return, while Alphabet, Facebook, Adidas, Amazon and KRR have all added between 0.5% and 0.8%. Kroton is the largest negative contributor and took 1.6% from the fund's return. Over the past 5 years, the fund has generated a return of 12.6% per annum and since inception 19 years ago it has produced a return of 14.3% per annum (2.7% p.a. ahead of the benchmark).

The fund ended the quarter with 71.2% of its capital invested in equities, with 64% of the equity exposure being invested in developed market equities, 31% in emerging market equities and 5% in South African equities. Our negative view on global bonds remains unchanged and we continue to have no exposure to the asset class. The fund has 7.3% invested in global property: we are still finding selected value in the UK retail/commercial, US retail and German residential property stocks. Lastly, the fund has a physical gold position of 2.4%. The balance of the fund is invested in cash, largely offshore. As has been the case for a number of years now, the bulk of the fund (over 90%) is invested offshore, with very little being invested in South Africa.

Over the past several years, the fund has generally had low exposure to the tobacco companies. The reason for this was two-fold: a) concern over the very long-term prospects for these businesses (declining volumes, increasing regulation and even more health awareness and b) valuation (they had benefited from the general upward re-rating of all consumer staples). Over the more recent past there have been 2 key changes. Firstly, the development of successful reduced risk products (vaping and 'heat not burn' [HNB] devices) has meant that for the first time in decades far safer alternative products are available and as a result total tobacco/nicotine consumption has started to increase instead of decline. And secondly valuation: sharp declines (c. 25% this year) in the share prices of both British American Tobacco (BAT) and Phillip Morris International (PMI) have brought their valuations down: BAT to c. 13x Dec 2018 earnings and a 5.1% dividend yield and PMI to c. 16x Dec 2018 earnings with a 5.3% dividend yield. As such, we believe that for the first time in several years these stocks are now very attractive. We had been increasing the BAT position in the first part of the year, and in the 2nd quarter we bought a new 4.3% position in PMI. BAT is now a 4.3% position and as such the fund's overall global tobacco exposure (BAT and PMI) is now 8.7%.

The tobacco companies still have many of the qualities that have always made them very good businesses - most importantly pricing power, stable earnings, very high return on capital and high free cash flow conversion. In addition, they now have attractive long-term growth prospects in our view, due to having reduced risk products in their portfolio that provide an attractive healthier alternative to traditional cigarettes. In summary, the 2 main categories of reduced risk products (vaping and HNB) do not involve burning, and it is largely the burning (combustion) and subsequent release of chemicals of traditional cigarettes that create the health issues. By avoiding combustion, the risk reduced products eliminate the biggest issue with traditional cigarettes, which in turn is what makes them appealing. Both BAT and PMI have vaping and HNB products, with BAT being the global leader in vaping and PMI the global leader in HNB, with their IQOS (I Quit Ordinary Smoking) product. In our view, there is room for both products as they have different appeals, and being global leaders respectively, there is a high probability of BAT and PMI taking disproportionate incremental market share and hence increasing their overall global market share. PMI's next generation products (NGP) already contribute 13% of the group revenue and PM have an aspiration to grow that to c. 40% of revenue by 2025 through a c. 4-5x increase in NGP total revenue from $ 4 billion to c. $ 18 billion. To put this $ 18 billion into context, PMI's total group revenue was $ 29.7 billion in 2017.

In terms of other new buys in the fund, we bought a 1% position in Anheuser Busch InBev (AB InBev), which has gone from being a market darling ('great management team') to being very much disliked ('only cost-cutters'), and the share price has followed this sentiment. Perhaps the truth is somewhere between these two extremes, but in our view global beer remains a very attractive industry (oligopolies in many markets, strong brands, premiumisation opportunities, stable earnings, high return on capital and amongst the best free cash flow generation of any business), and within this industry there are 2 gorillas AB InBev and Heineken, both of which have attractive long-term prospects and both of which the fund now owns. We continue to rate the AB InBev management team highly, and believe that what they may not know about branding/segmentation, etc. (which is very little according to the bear view) can be learnt from the SABMiller (SAB) assets that they acquired or be brought in. AB InBev have a globally diversified business, with a strong presence in Africa (both South Africa and the rest of Africa), Brazil, Colombia, Mexico, China and the US. Almost 60% of profits come from (lower consuming and hence faster growing) emerging markets. AB InBev trades on c. 19x 2018 free cash flow (with SAB revenue and cost synergies still coming, Brazil profits being below normal, Africa and China amongst other regions growing at a rapid rate, etc.) and with a 4% dividend yield, which we believe is attractive for an asset of this quality.

Global markets are clearly far less attractive than they were 3 or 5 years ago and the fund's equity exposure will likely continue to decline if equity markets continue to rise. We are however still able to find good selected value in both developed markets and emerging markets, and remain optimistic about the potential returns that can be generated by the fund.

Portfolio managers
Neville Chester, Gavin Joubert, Karl Leinberger, Mark le Roux and Louis Stassen
as at 30 June 2018

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION OPTIMUM GROWTH FUND

The Optimum Growth 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.

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 2017 (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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.