

## 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?

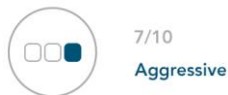
Optimum Growth will normally have a significant bias towards shares, but can invest in a variety of assets including listed property, bonds and cash. The fund has a flexible mandate and can invest in any combination of developed economies (including the US, Europe and Japan), South African assets and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

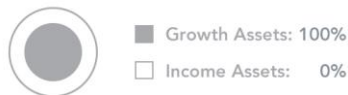
The fund may use exchange traded funds and other financial instruments (eg. derivatives) to implement specific investment views.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

### Risk Profile



### Maximum growth/ minimum income exposures



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](http://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

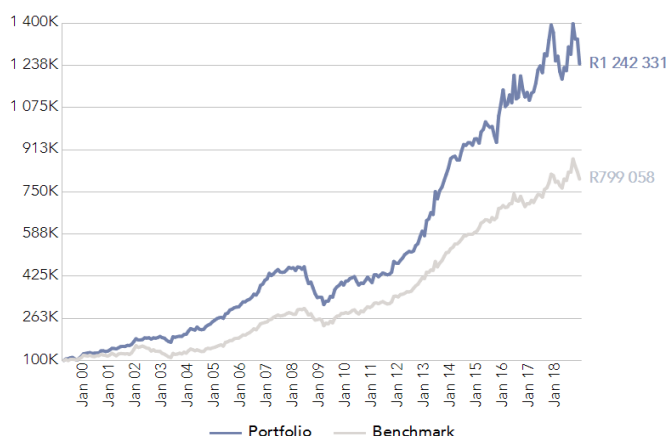
CLASS A as at 30 November 2018

|                       |   |
|-----------------------|---|
| Fund category         | Worldwide - Multi Asset - Flexible  |
| Launch date           | 15 March 1999   |
| Fund size             | R 6.38 billion  |
| NAV                   | 9848.37 cents   |
| Benchmark/Performance | Composite (35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA)                     |
| Fee Hurdle            |   |
| Portfolio manager/s   | Neville Chester, Gavin Joubert, Karl Leinberger, Mark le Roux and Louis Stassen |

|  |        |        |
|--|--------|--------|
| Total Expense Ratio                        | 1 Year | 3 Year |
| Fee for performance in line with benchmark | 1.60%  | 1.38%  |
| Adjusted for out/(under)-performance       | 1.00%  | 0.99%  |
| Fund expenses                              | 0.35%  | 0.15%  |
| VAT  | 0.07%  | 0.08%  |
| Transaction costs (inc. VAT)               | 0.19%  | 0.16%  |
| Total Investment Charge                    | 0.18%  | 0.17%  |
|  | 1.78%  | 1.55%  |

## PERFORMANCE AND RISK STATISTICS

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



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

|   |              |
|---|--------------|
| Sector  | 30 Nov 2018  |
| <b>Equities</b>                                 | <b>67.2%</b> |
| North America                                   | 24.8%        |
| Europe  | 18.7%        |
| Asia  | 12.4%        |
| United Kingdom                                  | 4.8%         |
| Latin American                                  | 4.6%         |
| South Africa                                    | 1.9%         |
| <b>Bonds</b>                                    | <b>5.7%</b>  |
| North America                                   | 5.3%         |
| Europe  | 0.2%         |
| Asia  | 0.2%         |
| <b>Cash</b>                                     | <b>18.4%</b> |
| Other   | 8.0%         |
| USD   | 5.9%         |
| ZAR   | 4.6%         |
| <b>Commodities</b>                              | <b>2.3%</b>  |
| Gold  | 2.3%         |
| <b>Preference Shares &amp; Other Securities</b> | <b>0.0%</b>  |
| South Africa                                    | 0.0%         |
| <b>Real Estate</b>                              | <b>6.4%</b>  |
| Europe  | 3.4%         |
| North America                                   | 2.0%         |
| United Kingdom                                  | 1.0%         |

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

|                              | Fund    | Benchmark | Inflation           |
|------------------------------|---------|-----------|---------------------|
| Since Launch (unannualised)  | 1142.3% | 699.1%    | 221.1%              |
| Since Launch (annualised)    | 13.7%   | 11.1%     | 6.1%                |
| Latest 15 years (annualised) | 12.9%   | 13.0%     | 5.7%                |
| Latest 10 years (annualised) | 13.7%   | 12.0%     | 5.3%                |
| Latest 5 years (annualised)  | 8.1%    | 9.1%      | 5.4%                |
| Latest 3 years (annualised)  | 4.5%    | 5.1%      | 5.5%                |
| Latest 1 year (annualised)   | (8.9)%  | (1.7)%    | 5.3%                |
| Year to date                 | (1.0)%  | 1.5%      | 4.8%                |
| Annualised Deviation         | 12.4%   | 10.8%     | 1.5%                |
| Sharpe Ratio                 | 0.41    | 0.24      | (1.67)              |
| Downside Deviation           | 7.2%    | 5.6%      | 0.7%                |
| Positive Months              | 64.8%   | 62.3%     | 92.4%               |
|                              | 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 Nov 2018            | % of Fund |
|------------------------------|-----------|
| 58 Com Inc-Adr               | 3.5%      |
| British American Tobacco Plc | 3.3%      |
| Naspers Ltd                  | 3.1%      |
| Philip Morris Int Inc        | 2.9%      |
| Airbus Group SE              | 2.7%      |
| Magnit Ojsc-Spon             | 2.5%      |
| Kroton Educacional SA        | 2.5%      |
| Charter Communication A      | 2.5%      |
| Adidas AG                    | 2.4%      |
| Alphabet Inc                 | 2.4%      |

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

|                              | Fund    | Benchmark | MSCI ACWI |
|------------------------------|---------|-----------|-----------|
| Since Launch (unannualised)  | 453.8%  | 256.7%    | 167.1%    |
| Since Launch (annualised)    | 9.1%    | 6.7%      | 5.1%      |
| Latest 10 years (annualised) | 10.1%   | 8.4%      | 11.3%     |
| Latest 5 years (annualised)  | 1.5%    | 2.5%      | 6.8%      |
| Latest 3 years (annualised)  | 5.8%    | 6.5%      | 8.6%      |
| Latest 1 year (annualised)   | (10.4)% | (3.2)%    | (1.0)%    |
| Year to date                 | (11.8)% | (9.4)%    | (2.6)%    |

### INCOME DISTRIBUTIONS

| Declaration | Payment     | Amount | Dividend | Interest |
|-------------|-------------|--------|----------|----------|
| 28 Sep 2018 | 01 Oct 2018 | 69.10  | 67.56    | 1.54     |
| 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     |

### 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)% | 9.2%   | (4.2)% | 0.0%   | (7.2)% |        | (1.0)% |
| 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)% |

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

The fund appreciated by 2.3% in the third quarter of 2018, which was marginally behind the 2.8% return of its benchmark. The fund has now appreciated by 6.8% year-to-date, with rand 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 (YTD), Airbus (+30% in euros) is the largest contributor and has added 1.4% to the fund's return. Other notable contributors have been Alphabet (+15% YTD in US dollars, +1.2% positive impact) and Adidas (+25% YTD in euros, +1.1% impact). Over the past five years, the fund has generated a return of 11.0% per annum and over 10 years a return of 13.4%. Since inception almost 20 years ago it has produced a return of 14.2% per annum (2.6% p.a. ahead of the benchmark).

The fund ended the quarter with 65.6% net equity exposure: a reduction from the 70.9% equity exposure at the end of June. Of this, 60% of the equity exposure was invested in developed market equities, 36% in emerging market equities and 4% in South African equities. Given the large sell-off in emerging markets over the past few months we added additional emerging market equity exposure through adding to 58.com (no.1 online classified business in China) and Sberbank (no.1 bank in Russia) amongst others. At the same time, we reduced the fund's US technology exposure due to continued share price appreciation and resultant less attractive valuations. In this regard the Alphabet, Facebook and Microsoft positions were all reduced and collectively were 6% of fund at the end of September compared to 9% of fund at the end of June.

Our negative view on global bonds remains unchanged, although with US bond yields now rising we have started to build a small US government bond position (2.5% of fund), albeit largely in short-dated (2-year) treasuries. In addition to this we also bought a 1% position in L Brands (owner of Victoria's Secret) corporate bonds which were yielding 7.3% on purchase. The fund has 5.6% invested in global property: we are still finding selected value in the UK/European retail, 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.

Global markets are clearly far less attractive than they were three or five years ago, and the fund's equity exposure will likely continue to decline further 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 September 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](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.

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

### IMPORTANT INFORMATION REGARDING TERMS OF USE

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