

CORONATION GLOBAL EQUITY SELECT [ZAR] FEEDER FUND

Fund Information as at 31 July 2019

WHAT IS THE FUND'S OBJECTIVE?

Global Equity Select aims to give investors access to the best opportunities in global equity markets. The fund is biased to developed markets and actively seeks out attractively valued shares to maximise long-term growth. Our intent is to outperform the global equity benchmark over all periods of five years and longer.

WHAT DOES THE FUND INVEST IN?

The fund invests in the shares of companies listed on equity markets around the world. The fund has a bias towards developed markets, typically holding at least 70% in developed market shares and up to 30% invested in shares listed in emerging markets. While our intent is to remain fully invested in shares, the fund is allowed to hold up to 20% of its portfolio in cash and bonds.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



Maximum growth/ minimum income exposures



Global Equity Select will only invest in shares we view as being attractively valued relative to other shares which may offer superior long-term investment growth.

The fund's share selection is the result of rigorous international research conducted by Coronation's investment team.

While we have a disciplined approach to reducing risk, shares can be volatile investments and there is a meaningful risk of capital loss over the short term. Global currency movements may intensify investment gains or declines.

This feeder fund aims to remain fully invested in units in the offshore domiciled Global Equity Select Fund. The only other assets that will be held at feeder fund level are local and foreign cash holdings for liquidity purposes.

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 listed in global markets outside South Africa;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ hold other investments and are looking to add exposure to global equity markets;
- ▶ do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.70% and a maximum of 2.30%, depending on the fund's performance, is payable.

If fund performance equals that of the benchmark (after fees and costs), a fee of 1.05% will be charged. We share in 20% of performance above the benchmark, up to a total annual fee of 2.30%. Performance is measured over a rolling 24-month period.

If the fund underperforms the benchmark over any 60-month period, the fee is reduced by 0.35%.

Of the annual fee, 0.40% is collected at feeder fund level, while the balance of the fee is collected in the master fund.

The component of the fund fee charged at feeder fund level is subject to VAT. Fund expenses that are incurred in the fund include administrative, 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?



LOUIS STASSEN
BCom (Hons), BSc, CFA



NEIL PADOA
BEconSci (AcSci), FFA

GENERAL FUND INFORMATION

Launch Date	30 April 2015
Fund Class	A
Benchmark	MSCI All Country World Index
Fund Category	Global – Equity – General
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORGESA
ISIN Code	ZAE000202115
JSE Code	CGEFA

CORONATION GLOBAL EQUITY SELECT [ZAR] FEEDER FUND

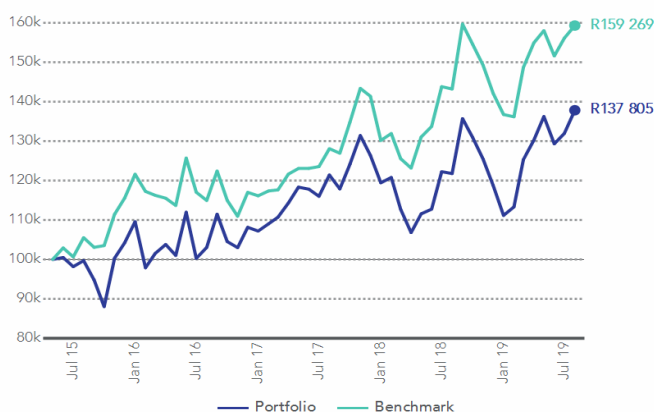
CLASS A as at 31 July 2019

Fund category	Global – Equity – General
Launch date	30 April 2015
Fund size	R544.07 million
NAV	137.81 cents
Benchmark/Performance	MSCI All Country World Index
Fee Hurdle	
Portfolio manager/s	Louis Stassen and Neil Padoa

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.65%	1.61%
Fund expenses	1.13%	1.16%
VAT	0.46%	0.38%
Transaction costs (inc. VAT)	0.06%	0.07%
Total Investment Charge	0.24%	0.22%
	1.89%	1.83%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



RISK AND RETURNS VS BENCHMARK (AFTER FEES) (ZAR)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	37.8%	59.3%	(21.5%)
Since Launch (annualised)	7.8%	11.6%	(3.7%)
Latest 3 years (annualised)	10.2%	11.5%	(1.3%)
Latest 1 year	13.2%	11.2%	2.0%
Year to date	24.0%	16.5%	7.5%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	19.4%	15.6%
Sharpe Ratio	0.10	0.36
Maximum Gain	24.5%	18.0%
Maximum Drawdown	(18.7%)	(14.7%)
Positive Months	56.9%	54.9%

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	1.9%	10.6%	3.9%	4.6%	(5.1)%	2.1%	4.4%						24.0%
Fund 2018	1.1%	(6.7)%	(5.2)%	4.4%	1.1%	8.4%	(0.4)%	11.4%	(3.5)%	(4.2)%	(5.3)%	(6.4)%	(6.9)%
Fund 2017	1.7%	1.5%	3.3%	3.5%	(0.4)%	(1.5)%	4.7%	(2.9)%	5.3%	5.9%	(3.8)%	(5.5)%	11.4%

PORTFOLIO DETAIL

GEOGRAPHIC ASSET ALLOCATION EXPOSURE

Sector	31 July 2019
Equities	98.2%
North America	57.3%
Europe	26.6%
Asia	8.7%
South Africa	3.8%
Japan	1.8%
Cash	1.8%

TOP 10 HOLDINGS

As at 30 Jun 2019	% of Fund
Charter Communication A	5.9%
British American Tobacco	5.4%
Alphabet Inc	5.4%
Blackstone Group	3.9%
Altice Financing Sa	3.5%
Facebook Inc.	3.0%
Airbus Group Se	3.0%
Philip Morris Int Inc	2.8%
Anheuser-busch Inbev	2.7%
Citi Group Inc	2.6%

Please note that the commentary is for the US dollar retail class of the fund. The feeder fund is 100% invested in the underlying US dollar fund. However, given small valuation, trading and translation differences for the two funds, investors should expect differences in returns in the short term. Over the long term, we aim to achieve the same outcome in US dollar terms for both funds.

During the second quarter of 2019 (Q2-19), global financial markets continued to be dominated by a shift in investors' interest rate expectations and the unfolding trade war saga, primarily between the US and China. Markets are now discounting almost three cuts of 25 basis points (bps) each in the US before the end of the year, a stark contrast to only six months ago, when the expectation was for at least one rate increase during the calendar year. This shift occurred against the backdrop of a more benign inflationary outlook, including the outlook for wage pressures in the US where the economy is operating at an historically low unemployment rate, as well as a weakening global growth outlook that has spooked central banks around the globe into a more dovish viewpoint.

This weaker growth outlook was exacerbated, if not caused, by the uncertainty created by the increasingly hostile trade war rhetoric between the US and many of its major trading partners. The slightly more conciliatory tone from the US towards the end of the quarter also helped to settle investors' fears. Unrelated issues such as the continued uncertainty around Brexit, political turmoil in France and some self-inflicted headwinds in emerging economies such as Turkey also helped lower growth estimates. To contextualise this shift in sentiment, it is worth noting that the US 10-year Treasury now trades at around 2.00%, down from a high of around 3.35% in the fourth quarter of 2018. Central banks have responded to these changes in the macroeconomic outlook by signalling their willingness to come to the rescue with a more accommodative monetary policy, either through the lowering of interest rates or (in the case of the European Union) a resumption of quantitative easing.

Markets continued to take comfort from these dovish developments by bidding up risky assets, with the MSCI All Country World Index returning 3.6% in Q2-19 on a net basis, bringing the year-to-date return to an unimaginable 16.2%. The rolling 12-month number is now positive again, with a return of 5.7%, and the three-year number is 11.6% p.a., a very respectable number given the uncertainties that faced investors over this period. Developed markets once again outperformed over the quarter, with the emerging market universe negatively impacted by the trade war developments, as well as some of the country-specific issues referred to above. The US was the star performer, with some help from stronger earnings growth than seen in the rest of the world and a further re-rating in the market.

The divergence in sector performance was quite muted, a classic case of a rising tide lifting most boats. Financials benefited from a steepening in the yield curve and healthcare was negatively impacted by some of the radical proposals being put forward by the US Democrats' presidential candidates. Energy also lagged, despite a stronger oil price, as investors remain concerned about

capital discipline in an energy bull market. Since the beginning of the year, information technology remains the standout leader in terms of sector performance, with healthcare being the laggard.

The fund continued to recover some of its poor performance in 2018 by outperforming the benchmark. Since the beginning of the year, it has now outperformed by 6.0%. Since inception, it still lags the benchmark.

Over the quarter, long-held positions such as Blackstone, Charter Communications, Adidas, and Carlyle contributed the most, with British American Tobacco (after a strong first quarter) and Intu Properties detracting the most. Some of the other notable contributors over the longer term include Altice US, Facebook, Airbus, and Pershing Square. Other detractors were Aspen, L Brands and Imperial Brands.

We previously shared in detail our enthusiasm about the prospects for the alternative asset managers, a sector which at some point made up over 15% of the total portfolio. Our thesis that these best-in-class operators will continue to raise assets for their new fund offerings have played out, probably stronger than we anticipated. That was despite more volatile markets and scepticism about their abilities to continue generating superior returns for the investors in their funds. As their share prices recovered over the last few years, we have reduced our overall exposure by selling out of KKR and Fortress, and significantly reduced the Apollo position.

Over the last few months, all of our remaining holdings announced plans to convert from limited partnerships (that benefited the main principals or original founders from a tax perspective) to public corporations that will pay slightly more tax but make the shares more investable to all investors (inclusion in indices, no tax uncertainty). The share prices reacted very positively to this news, and post quarter end Carlyle was the last to make their decision known. The reason for highlighting these developments to our investors is again to point out the advantages of taking a longer-term view when considering investment positions. We remind each other of these learnings all the time when patience starts wearing thin with regards to a position that doesn't perform according to expectations! However, there will be cases where we have to admit that we were wrong, in which case the best action is to cut that position despite crystallising a loss. Active investment management remains an art as much as it is a science!

Portfolio managers
Louis Stassen and Neil Padoa
as at 30 June 2019

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

The Global Equity Select [ZAR] Feeder 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. 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. The top 10 holdings are reflected on a look-through basis. A feeder fund invests in a single fund of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund. 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 Investment Management International (Pty) Ltd (FSP45646), 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 2018 (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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