CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

Fund Information as at 30 June 2019

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WHAT IS THE FUND'S OBJECTIVE?

Global Managed aims to maximise long-term investment growth by investing in a range of opportunities available in public asset markets from around the world. Our intent is to outperform an equity biased benchmark over all five year periods.

WHAT DOES THE FUND INVEST IN?

Global Managed will have a bias towards shares, but can invest in a variety of assets including listed property, bonds and cash. The fund primarily invests in developed economies (including the US, Europe and Japan) but is also mandated to invest in emerging markets.

The intent is to keep the fund fully invested in foreign assets at all times. 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 Managed aims to achieve the best possible long-term growth for investors. Consequently, it will be have a sizeable exposure to shares, which typically offer the best returns over the long run.

Global Managed 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.

This feeder fund aims to remain fully invested in units in the Global Managed Fund, which is domiciled offshore. 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?

An investment term of more than five years is recommended.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- seek a single international investment that will give them access to some of the best opportunities around the globe;
- 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 1.25% is payable.

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

All fees exclude 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 fund costs.

We do not charge 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	29 October 2009
Fund Class	A
Benchmark	60% MSCI All Country World Index and 40% Barclays Global Bond Aggregate
Fund Category	Global – Multi-asset – High Equity
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COGLMAZ
ISIN Code	ZAE000139721
JSE Code	COGM

CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

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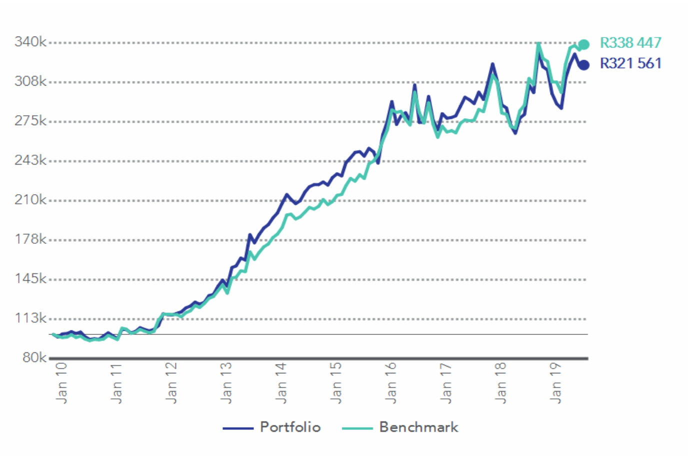
CLASS A as at 30 June 2019

Fund category	Global - Multi Asset - High Equity
Launch date	29 October 2009
Fund size	R 6.43 billion
NAV	316.73 cents
Benchmark/Performance Fee Hurdle	Composite: 60% MSCI All Country World Index & 40% Barclays Global Bond Aggregate
Portfolio manager/s	Louis Stassen and Neil Padoa

	1 Year	3 Year
Total Expense Ratio	1.52%	1.55%
Fund management fee	1.34%	1.38%
Fund expenses	0.12%	0.10%
VAT	0.06%	0.07%
Transaction costs (inc. VAT)	0.16%	0.15%
Total Investment Charge	1.68%	1.70%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2019
Equities	59.0%
Merger Arbitrage	0.0%
Property	7.3%
Commodities	1.6%
Bonds	12.1%
Cash	20.0%

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

	Fund	Benchmark	Active Return
Since Launch (unannualised)	221.6%	238.4%	(16.9%)
Since Launch (annualised)	12.8%	13.4%	(0.6%)
Latest 5 years (annualised)	7.7%	10.6%	(2.9%)
Latest 3 years (annualised)	5.4%	6.2%	(0.8%)
Latest 1 year	5.4%	9.0%	(3.6%)
Year to date	11.0%	10.0%	1.0%

TOP 10 HOLDINGS

As at 30 Jun 2019	% of Fund
Charter Communication A	3.5%
Alphabet Inc	3.4%
British American Tobacco	3.3%
Blackstone Group	2.3%
Altice Financing Sa	2.1%
Airbus Group Se	1.8%
Facebook Inc.	1.8%
Philip Morris Int Inc	1.7%
Anheuser-busch Inbev	1.7%
Citi Group Inc	1.6%

RETURNS VS BENCHMARK (AFTER FEES) (USD)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	77.9%	87.5%	(9.5%)
Since Launch (annualised)	6.1%	6.7%	(0.6%)
Latest 3 years (annualised)	6.8%	7.7%	(0.9%)
Latest 1 year (annualised)	2.4%	6.1%	(3.7%)
Year to date	13.3%	12.0%	1.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.7%	12.3%
Sharpe Ratio	0.44	0.54
Maximum Gain	22.7%	24.8%
Maximum Drawdown	(17.7)%	(14.0)%
Positive Months	61.2%	60.3%

	Fund	Date Range
Highest annual return	48.9%	Jan 2013 - Dec 2013
Lowest annual return	(7.7%)	Apr 2017 - Mar 2018

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	(1.3)%	8.6%	3.9%	2.5%	(2.9)%	0.2%							**11.0%**
Fund 2018	(0.9)%	(4.9)%	(2.5)%	4.7%	1.1%	8.6%	(2.0)%	11.2%	(3.7)%	(0.8)%	(6.1)%	(2.8)%	**0.3%**
Fund 2017	0.2%	0.5%	2.8%	2.6%	(0.7)%	(1.0)%	3.2%	(2.0)%	4.6%	5.2%	(4.3)%	(6.4)%	**3.9%**

Issue date: 2019/07/12

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

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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, and 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 County 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, and 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. As mentioned above, fixed-interest assets performed well, benefiting from a downward shift in the yield curve since the beginning of the year. Credit spreads also tightened, helping performance in the asset class even more. Listed property had a muted second quarter, after a very strong first quarter of the year. Logistics assets continued outperforming other property classes. Gold had a strong quarter, not surprising given the lower opportunity cost on the shift in forward interest rates and the continued political uncertainty. Most industrial metals had a poor quarter on the back of a weaker growth outlook, except for iron ore where supply disappointments supported the price. The oil price was down slightly this quarter after a strong first quarter.

The fund was defensively positioned over the quarter, and hence missed out on the continued bull market in equities. Fortunately, strong stock selection helped to limit the underperformance. Since the beginning of the year, the fund has returned 13.9% (well ahead of the benchmark). While the absolute return numbers over one and two years are weak (between 1% and 3% p.a.), the seven-year number of 6.1% p.a. is satisfactory. Relative to the benchmark, the fund is ahead of benchmark over three and seven years, and marginally behind over other periods. Since inception, the fund is still ahead of its benchmark, despite its heavy cash exposure over this period.

As mentioned above, with the benefit of hindsight our equity exposure was too low, and our cash holdings were too high given the strong rally in global bonds.

Over the quarter, long-held equity positions such as Blackstone, Charter Communications, Adidas, and Carlyle contributed the most to fund performance, with British American Tobacco (after a strong first quarter) and Intu Properties (and other property holdings) 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.

Our fixed interest positioning was also too conservative, but the gold position contributed strongly. Stock selection in the property bucket was poor, as we still favour those portfolios with higher retail exposure given that we believe they offer compelling value.

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 has 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 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.

We continue to be reasonably conservatively positioned in terms of asset allocation. We are concerned that the benign interest rate outlook may not materialise, and could be very disappointing to investors who are expecting central banks to come to their rescue. We have reduced the gold exposure somewhat after the recent rally but are disappointed that the precious metal did not perform more strongly, given the favourable backdrop.

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

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

The Global Managed [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. 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. The 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 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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