CORONATION OPTIMUM GROWTH FUND

Fund Information as at 31 May 2019

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

<table>
<thead>
<tr>
<th>Risk Profile</th>
<th>7/10</th>
<th>Aggressive</th>
</tr>
</thead>
</table>

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

MARC TALPERT  
BAccSc, HDipAcc, CA (SA)

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 May 2019

Fund category Worldwide - Multi Asset - Flexible
Launch date 15 March 1999
Fund size R 7.14 billion
NAV 11336.60 cents
Benchmark/Performance Composite (35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA)
Fee Hurdle 35% MSCI ACWI, 15% BGBA
Portfolio manager/s Gavin Joubert and Marc Talpert

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector 31 May 2019
Equities 74.5%
- Europe 24.4%
- North America 24.0%
- Asia 14.9%
- United Kingdom 6.0%
- Latin American 3.1%
- South Africa 2.1%
Bonds 4.7%
- North America 4.6%
- Asia 0.1%
Cash 12.6%
- USD 5.2%
- ZAR 4.3%
- Other 3.1%
Commodities 2.8%
- Gold 2.6%
- Global 0.2%
Real Estate 5.4%
- Europe 5.2%
- South Africa 0.2%

INCOME DISTRIBUTIONS

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

<table>
<thead>
<tr>
<th>Duration</th>
<th>Fund</th>
<th>Benchmark</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Since Launch</td>
<td>1334.0%</td>
<td>769.0%</td>
<td>227.8%</td>
</tr>
<tr>
<td>Latest 1 month</td>
<td>13.3%</td>
<td>13.1%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Latest 3 months</td>
<td>6.1%</td>
<td>8.9%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Year to date</td>
<td>17.9%</td>
<td>9.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Annualised Deviation</td>
<td>15.7%</td>
<td>7.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Sharpe Ratio</td>
<td>12.5%</td>
<td>10.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Downside Deviation</td>
<td>2.2%</td>
<td>5.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Positive Months</td>
<td>64.9%</td>
<td>62.8%</td>
<td>91.7%</td>
</tr>
<tr>
<td>Highest annual return</td>
<td>51.1%</td>
<td>Jan 2013-Dec 2013</td>
<td></td>
</tr>
<tr>
<td>Lowest annual return</td>
<td>(31.5%)</td>
<td>Mar 2008-Feb 2009</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Duration</th>
<th>Fund</th>
<th>Benchmark</th>
<th>MSCI ACWI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Since Launch</td>
<td>507.8%</td>
<td>268.6%</td>
<td>170.8%</td>
</tr>
<tr>
<td>Latest 1 year</td>
<td>8.4%</td>
<td>6.5%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Latest 3 months</td>
<td>2.7%</td>
<td>2.1%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Latest 1 year</td>
<td>8.7%</td>
<td>8.0%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Year to date</td>
<td>13.8%</td>
<td>9.9%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

<table>
<thead>
<tr>
<th>Month</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 2019</td>
<td>1.3%</td>
<td>9.0%</td>
<td>6.0%</td>
<td>2.0%</td>
<td>(3.0%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund 2018</td>
<td>1.5%</td>
<td>(4.6%)</td>
<td>(2.4%)</td>
<td>(3.8%)</td>
<td>(1.0%)</td>
<td>7.6%</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Fund 2017</td>
<td>2.5%</td>
<td>0.4%</td>
<td>3.0%</td>
<td>4.3%</td>
<td>1.3%</td>
<td>(2.1%)</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

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

Client Service: 0800 22 11 77 Email: clientservice@coronation.co.za Website: www.coronation.com

Minimum Disclosure Document Page 2/4
The fund appreciated by 16.9% in the first quarter of 2019 (Q1-19) compared to the 8.1% return of the benchmark. In what were strong global equity markets generally, the fund's average net equity exposure of circa 70% during the period played a large role in the fund's returns. From a stock specific point of view, British American Tobacco was the largest contributor (+32% in ZAR, 1.1% positive impact) followed by Airbus (+38%, 0.9% contribution), JD.com (+36%, 0.9% contribution), Philip Morris (+34%, 0.8% contribution) and New Oriental Education (+62%, 0.8% contribution). There were no detractors of more than 0.5%. Over the past five years, the fund has generated a return of 10.7% p.a., over 10 years a return of 16.0% p.a. and since inception almost 20 years ago it has generated a return of 14.3% p.a.

The fund ended the quarter with 74.6% net equity exposure, which was up from the 66.1% at the start of the year, largely due to market moves. Of this, approximately 55% of the equity exposure was invested in developed market equities, 40% in emerging market equities and 5% in South African equities.

The largest new equity buy during the quarter was a 2.0% position in Louis Vuitton Moet Hennessy (LVMH), the largest global luxury goods company and the owner of the Louis Vuitton brand (circa 50% of group profits) and many other global brands including Moët & Chandon, Hennessy, Christian Dior, Fendi, Bulgari and Tag Heuer. Over 40% of sales come from emerging markets and the Chinese consumer alone (purchasing at home as well as while travelling) is responsible for well over 50% of incremental growth.

LVMH Fashion and Leather Goods Division
Historic sales, same-store sales growth and earnings before interest and taxes (EBIT) margin

LVMH has an enviable track record (over the past 20 years earnings per share (EPS) has compounded at circa 12% p.a.) and today is well-placed to be a key beneficiary of the growing emerging market middle and upper class, and the wealth effect. The barriers to entry possessed by the true global luxury brands (Hermes, Louis Vuitton and Gucci) are amongst the highest in any industry in our view: in the case of Louis Vuitton, a 150-year history and investment in the brand for a start. The resilience (of both the top line and profitability) of the Louis Vuitton brand in particular during tough economic periods is also unparalleled: in 2009 (post the GFC) sales of the Fashion and Leather Division (with Louis Vuitton making up the lion’s share of this division) of LVMH grew by 2% and earnings before interest and taxes (EBIT) grew by 3%. In 2002 (post September 11th) the Fashion and Leather Goods Division experienced 16% sales growth (and this after double-digit sales growth in 2001 as well) and 5% EBIT growth. The fund bought LVMH on circa 20 times forward earnings and a 2% dividend yield, which we think is attractive for what we would consider to be one of the best businesses in the world.

Our negative view on global bonds remains largely unchanged, although we did buy short-dated US Treasuries (c. 3% of fund) late last year when US government 10-year bond yields were north of 3%. The fund’s position in L Brands (owner of Victoria’s Secret) corporate bonds remains (1.7% of fund) and is now yielding 6.8% compared to our initial purchase yield of 7.3%. In total, bonds make up 4.7% of the fund. The fund also has circa 4% invested in global property: largely in Unibail (European and US Retail property) and Vonovia (German residential). Lastly, the fund has a physical gold position of 2.5%. The balance of the fund is invested in cash, largely offshore. As has been the case for a number of years, the bulk of the fund (over 90%) is invested offshore, with very little being invested in South Africa.

Portfolio managers
Gavin Joubert & Marc Talpert
as at 31 March 2019

Source: Coronation, LVMH annual reports
Figure 1: Illustration of the process of trading during market closure and the resulting valuation impact.

**Figure 2: Bar graph comparing the performance of different asset classes over the last 5 years.**

**Table 1: Comparison of investment returns across various time periods.**

**Table 2: Summary of key performance indicators for the portfolio.**

**Table 3: Breakdown of expenses and fees contributing to the Total Expense Ratio (TER).**

**Table 4: List of top ten holdings as at the last quarter end.**

**Table 5: Portfolio composition and asset allocation statistics.**