

CORONATION GLOBAL EMERGING MARKETS FUND

Fund Information as at 30 November 2019

WHAT IS THE FUND'S OBJECTIVE?

The Global Emerging Markets Fund aims to give investors access to the best opportunities in emerging equity markets. The fund actively seeks out undervalued shares to maximise long-term growth. Our intent is to outperform the emerging equity benchmark over all periods of five years and longer.

WHAT DOES THE FUND INVEST IN?

The fund invests in the shares of companies which are either based in emerging countries, or earn a significant part of their revenue from emerging economies. It will be fully invested in shares at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Global Emerging Markets will only invest in shares we view as being attractively valued and 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. Emerging markets are generally viewed as more risky than developed markets. Global currency movements may intensify investment gains or declines.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of ten 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 in emerging markets;
- 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 for exposure to emerging markets;
- do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.40% is payable.

The current provision for a fee discount of 0.15% p.a., applicable if the fund underperforms its benchmark over any rolling 60-month period, will continue to apply to the new fixed fee until 30 September 2020.

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?



**GAVIN
JOUBERT**
BBusSc, CA (SA), CFA



**SUHAIL
SULEMAN**
BBusSc, CFA

GENERAL FUND INFORMATION

Fund Launch Date	14 July 2008
Class	B
Class Type	Accumulation
Class Launch Date	5 May 2011
Fund Domicile	Ireland
Morningstar Fund Category	Global Emerging Markets – Equity
Currency	US Dollar
Benchmark	MSCI Emerging Markets Index
Investment Minimum	US\$15 000
Bloomberg	CORGEMB
ISIN	IE00B553TV27
SEDOL	B553TV2

CORONATION GLOBAL EMERGING MARKETS FUND

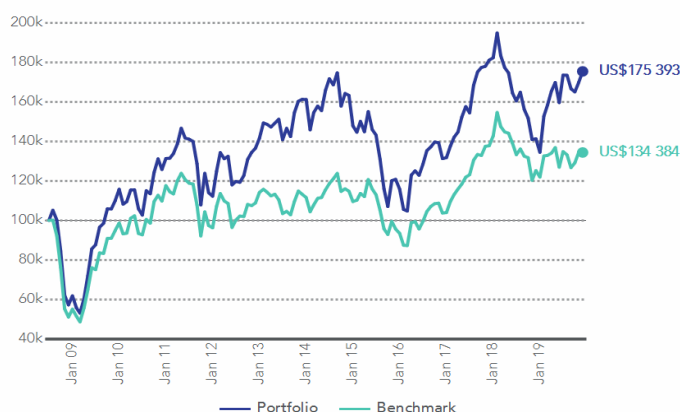
CLASS B as at 30 November 2019

Launch date	14 July 2008
Fund size	US\$ 1.46 billion
NAV	12.48
Benchmark/Performance	MSCI Emerging Markets Index
Fee Hurdle	
Portfolio manager/s	Gavin Joubert and Suhail Suleman

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.15%	1.38%
Adjusted for out/(under)-performance	1.16%	1.19%
Fund expenses	(0.10)%	0.09%
VAT	0.10%	0.10%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.18%	0.20%
	1.33%	1.58%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A US\$100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	75.39%	34.38%	41.01%
Since Launch (annualised)	5.06%	2.62%	2.44%
Latest 10 years (annualised)	4.78%	3.54%	1.24%
Latest 5 years (annualised)	1.44%	3.20%	(1.76)%
Latest 3 years (annualised)	10.15%	9.01%	1.14%
Latest 1 year	24.08%	7.28%	16.80%
Year to date	30.44%	10.20%	20.24%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	23.5%	21.4%
Sharpe Ratio	0.19	0.10
Maximum Gain	99.4%	56.3%
Maximum Drawdown	(49.5)%	(51.4)%
Positive Months	56.2%	53.3%

	Fund	Date Range
Highest annual return	106.2%	Mar 2009 - Feb 2010
Lowest annual return	(33.6)%	Sep 2014 - Aug 2015

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	13.6%	3.6%	4.5%	2.6%	(6.0)%	8.7%	0.0%	(3.9)%	(1.0)%	3.0%	3.2%		30.4%
Fund 2018	6.9%	(5.9)%	(3.3)%	(1.5)%	(5.9)%	(2.4)%	2.8%	(5.3)%	(2.8)%	(7.2)%	0.3%	(4.9)%	(26.2)%
Fund 2017	4.4%	3.2%	1.9%	5.2%	3.5%	(2.0)%	9.1%	4.0%	1.3%	0.3%	1.8%	0.6%	38.3%

PORTFOLIO DETAIL

EFFECTIVE GEOGRAPHIC EXPOSURE

Country	30 Nov 2019
Equities	98.87%
China	36.18%
India	10.70%
Russian Federation	9.23%
France	6.60%
Brazil	5.43%
United Kingdom	4.78%
South Africa	4.70%
Netherlands	3.71%
South Korea	3.62%
Mexico	2.91%
Other	10.99%
Cash	1.13%
USD	1.06%
Other	0.05%
ZAR	0.02%

TOP 10 HOLDINGS

As at 30 Nov 2019	% of Fund
58 Com Inc-adr (China)	4.92%
Housing Dev Finance Corp (India)	4.92%
Alibaba Group Holding (China)	4.69%
Ping An Insurance Group Co (China)	4.67%
British American Tobacco Plc (United Kingdom)	3.48%
Naspers Ltd (South Africa)	3.27%
Wuliangye Yibin Co Ltd - A (China)	3.15%
Yandex Nv - A (Russian Federation)	3.07%
Airbus Group Se (France)	2.82%
Jd.com Inc ADR (China)	2.74%

SECTORAL EXPOSURE

As at 30 Nov 2019	Fund
Consumer Discretionary	30.64%
Consumer Staples	26.53%
Financials	20.80%
Communication Services	12.37%
Information Technology	3.65%
Industrials	3.59%
Health Care	1.25%
Cash	1.16%

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

The Coronation Global Emerging Markets Fund returned -4.9% during the third quarter of 2019, slightly behind the -4.3% return of the benchmark MSCI Global Emerging Markets Total Return Index. The cumulative performance for 2019 remains very pleasing at 22.7%, which is 16.8% ahead of the index return of 5.9%. Over one year, the fund has returned 8.7% (10.7% alpha) and, over three years, 5.7% p.a. (-0.25% p.a. alpha). Although we are very pleased with these strong short-term returns, the long-term nature of the fund makes longer-term returns more meaningful for assessment. In this respect, while the five-year return is slightly behind the benchmark (-1.5% p.a.), the seven-year (0.8% p.a. alpha), 10-year (0.96% p.a. alpha) and since inception figures (2.3% p.a. alpha) are all strongly positive.

The largest positive relative contributor to the fund during the quarter was New Oriental Education (New Oriental). The share was up by 15.0% during the quarter after delivering positive full-year results (their financial year end is 31 May) and reinforcing the guidance that margins will improve in the years ahead as their heavy investment in new capacity starts to mature. New Oriental currently earns operating margins of 12%, well below the 18% they used to earn three years ago before they started investing heavily to grow their capacity, which has since doubled. Members of the team met with management in Beijing in August and our positive long-term view on potential was reinforced – the margins on mature operations exceed 20% and unsuccessful sites can be fairly easily shut down if they are not meeting expectations. Were the business to stop growing today, the ramp-up of their already-opened learning centres (which are not fully contributing to revenues) combined with the increase in margins that accompanies this (they are incurring the full cost of employing teachers and paying rent) could see profits double within three years. This is in addition to the substantial organic opportunities available to New Oriental, whose market share is still in the single digits, despite being the largest operator of on-site after-school tutoring facilities in the country. New Oriental contributed 0.50% of alpha during the quarter, however, the strong share price performance did reduce the relative attractiveness of the share and we reduced New Oriental from a 3.1% position to 2.5% as a result.

The second-largest relative contributor was Wuliangye Yibin (Wuliangye), the Chinese baijiu spirits brand. Although up by “only” 5.8%, the minimal index weight and negative return of the index means Wuliangye contributed alpha of 0.39% to the fund. Over the quarter, one of our analysts visited the company at its headquarters in mainland China for the second time this year, a visit that reinforced the positive steps the company is taking to improve its pricing ladder and increase the share of premium baijiu within its portfolio. Over the last year, Wuliangye has returned 87.1% and has contributed 2.7% to the relative performance of the fund. It remains a top ten position in the fund despite this strong performance, as we believe it is a unique asset, capable of compounding earnings at 20% p.a. for the next few years, and this is not yet reflected in the share price.

Other meaningful contributors during the period were British American Tobacco (+5.5% for 0.37% alpha), Brazilian education company Estácio (+14.5% for 0.31% alpha) and global brewer Anheuser-Busch InBev (+7.9% for 0.19% alpha). The big news in the tobacco industry was the aborted merger attempt between Philip Morris International (PMI) and Altria. As PMI shareholders (2.5% of fund), we were vehemently opposed to the deal and communicated this strongly through a letter to the board immediately upon announcement of the merger talks. The market's reaction to the deal (PMI fell as much as 9% on the day of the announcement) clearly sent the same message to the affected parties. We were against the deal for a variety of reasons, not least of which is the very negative regulatory environment for combustible cigarettes in the US currently, to which PMI would have been exposed through Altria's US operations. Furthermore, Altria's shareholding in electronic cigarette company Juul is problematic as Juul is a potential competitor to PMI's well-received Heat Not Burn (HNB) IQOS product, which will be launched in the US shortly (by Altria, with a royalty payable to PMI). Juul has come under significant regulatory scrutiny due to the prevalence of teenage vaping, which itself has been partly driven by the dubious marketing tactics and an array of flavours that give the impression that vaping is harmless. We believe IQOS has tremendous long-term potential in many markets (it has been very successful in Japan, Korea and parts of Europe already) as a means of reducing the consumption of far more harmful combustible cigarettes. We did not want any exposure to Juul, so, as PMI shareholders, the failure of the merger talks was, in our view, a very positive development.

On a less positive note, the biggest detractor for the quarter was Chinese classifieds business 58.com, which fell 20.6% for a -0.80% impact. The two biggest “verticals” within 58.com are property and jobs (blue collar), both of which are (in theory) affected by the broader macroeconomic slowdown being experienced in China. Trade war fears have intensified negative perceptions of stocks exposed to the broader economy and, with 58.com viewed in this light, it has fallen for reasons of sentiment rather than fundamentals. Toward the end of the quarter, 58.com fell significantly after a competitor Meituan Dianping (Meituan) (a new fund holding, which we discuss in more detail lower down) moved into the blue-collar jobs market. One cannot dismiss this development, given Meituan's disruption of other internet-based platforms; however, in our view, Meituan's jobs platform is more suited toward matching users of its delivery services with advertisers in the restaurant and service industry. This is a specialist niche within the broader market and, we believe, is unlikely to materially impact on 58.com's appeal for jobs postings. 58.com's EBITDA margins (mid 20%) are below most peers in other countries, despite earning similar gross margins. Over time, as the business continues to scale up and investment declines, profits should grow at a rate materially higher than revenue growth. 58.com continues to deliver operationally with revenue up 21% and operating profit up 24% in the first half results to end of June 2019. It now trades on a 12% free cash flow yield (to enterprise value), which is very attractive in our view, and so it remains one of the largest positions in the fund.

Company	Axel Springer	Ebay	Naspers	Adevinta	Scout24	Achibsted	Recruit	Zillow
Ticker	SPR.DE	EBAY	NPNJO	ADEB.OL	G24.DE	SCHA.OL	6098.T	Z
Classified Revenues (USD in MM)	1,347	1,022	875	661	591	315	3,081 (HR Technology)	1,281
							6,799 (Media & Solutions)	
Classifieds EBITDA/Adj. EBITDA	40%	45-55% ⁽²⁾	46% ⁽³⁾	25%	55%	45% ⁽⁴⁾	15%	19%
							24%	

Source: 58.com Investor Relations

Other big detractors for the quarter were the relative underweight in Taiwan Semiconductor Company, which returned 19.1% in the quarter and cost the fund 0.43% in relative performance. Chinese wealth manager Noah Holdings declined by 31.3% in the quarter and the 1% position (at the start of the quarter) therefore cost the fund 0.30% in relative performance. The fund's other baijiu holding - Jiangsu Yanghe - fell by 17.8% to also cost the fund 0.30% in relative performance, while the ongoing political strife in Hong Kong weighed heavily on Hong Kong-listed life insurance group AIA, which fell 12.1% and cost 0.29% in relative performance. AIA generates about 40% of new business in Hong Kong and it is estimated that half of this comes from mainland China. In addition, 30% of new business is originated directly in China. Although it was only a small detractor in the quarter (0.18% negative contribution), the fund's Ctrip holding was also negatively affected by China/Hong Kong developments, as travel bookings are a large part of its business, and China-to-Hong Kong travel makes up around 30% of outbound ticketing volumes processed by Ctrip.

There were several new buys in the fund, the largest of which was Meituan, mentioned above. Meituan is a platform business offering food delivery services (such as Uber Eats), hotel booking and in-store services such as restaurant bookings, movie tickets and hairdressers (to name but a few examples). Meituan has a number one or two position in its various business niches and leverages its massive scale to gain a cost advantage over weaker peers. In food delivery, it competes primarily with Alibaba-backed Ele.me, while in hotel bookings it has surpassed Ctrip in the lower end of the market (when measured by room nights, but not by revenue, since Ctrip targets mid- to higher-end hotels). Online penetration in most categories remains quite low, so there is still substantial room from the market leaders to take share from offline over time, which will further enhance their cost advantage over time. Another new buy was Indian online travel agency (OTA) Make My Trip. We have met this business several times over the years and believed it had significant potential, as it has many similarities to Ctrip, which has been in the fund for some time. The Indian market is, however, several years behind China's. India is also a far more cost-conscious market with lower per capita incomes. The airline industry is dominated by low-cost carriers and the hotel industry is also focused mostly on lower-tier hotels. Travel is still predominantly domestic and for leisure, which is more price sensitive. With more than half of air tickets still booked offline and perhaps 80% of hotels booked offline, the runway for online to take share from offline is significant, and Make My Trip already has more than 50% market share in the online space after acquiring the second-largest OTA in India (Ibibo).

The relatively faster growth of the non-air ticketing part of the business in recent years has resulted in air ticketing revenues making up only a third of revenue from more than 50% a few years ago. In addition to airline tickets and hotels, Make My Trip offers a variety of value-add services such as train ticket bookings (the state-run railways in India are not easy to book online), car hire, full package holidays, travel insurance and assistance with procuring visas. As these higher value-add services grow in the mix, we believe Make My Trip's profitability will be significantly enhanced, as it is currently loss making. Naspers was previously the largest shareholder in Make My Trip, followed by Ctrip, but a recent shareholding structure change has resulted in Ctrip becoming the largest shareholder, with Naspers becoming a material shareholder in Ctrip. We believe that Make My Trip will benefit from having a dedicated OTA as its largest shareholder, since Ctrip has been through a similar development and learning curve in China.

Another new buy in India was Axis Bank, the third-largest private bank in the country. We have previously highlighted the investment case in the private banks in that country as they take market share from the poorly run public sector banks in what is still a fast-growing market overall. Axis is a previous fund holding that we sold when it started to approach our assessment of fair value. Like many of its peers that grew too fast, the book quality deteriorated and some time was needed to clean up the bad debts. A highly regarded new CEO was brought in and the share price recovered strongly. Axis is increasingly becoming a more retail-focused bank, which, in our view, is significantly more attractive than focusing on corporate loans, which are more competitive and can have a bigger negative impact on the book (as we have seen in the bank and its peers historically). More recently, the (relative) slowdown in the Indian economy, the liquidity issues within the banking sector as a whole and the aggressive provisioning of old loans under the new CEO saw the Axis share price decline by around 20% from its second-quarter peak. At these levels, we believe Axis offered significant upside and we started to build a small position toward the end of the third quarter. As the bank is growing quite fast it also needed to raise capital, and we were able to purchase most of the position during this capital raise at a discount to the prevailing market price. Subsequent to purchasing the position, the Indian government reduced corporate tax rates, which will be positive for shareholders of Axis and shareholders of some of the fund's other Indian pure domestic holdings, like HDFC and HDFC Bank.

The last new buy was a repurchase of Turkish discount retailer BIM, one of the best-performing businesses anywhere in the world over the last two decades. We had sold out of BIM in mid-2018 due to the economic crisis in Turkey and a loss of confidence in the country's government, which looked to be operating in an increasingly populist and haphazard fashion. BIM has continued to grow its store network through all of this and has gained share by limiting price increases in an environment of very high inflation within the Turkish economy. The Turkish Lira, which was one of the worst-performing currencies in 2017-2018, has stabilised, and with interest rates and inflation declining, we believe that BIM will continue to deliver high returns on capital in an improving economy in the years ahead.

Two small positions were sold to zero in the quarter – Global Mediacom in Indonesia (we still retain a small position in free-to-air TV operator Media Nusantara, which is majority owned by Global Mediacom) and bank holding company Itaúsa in Brazil. Members of the team travelled extensively during the quarter, meeting management of over 100 companies in various locations as well as conducting site visits to holdings in Russia, China, Hong Kong and Macau. The travel will continue in the fourth quarter, including a visit to Brazil, whose weight in the fund has declined to 6.3%, the lowest it has been in several years.

Portfolio managers
Gavin Joubert and Suhail Suleman
as at 30 September 2019

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL EMERGING MARKETS FUND

The Global Emerging Markets 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. Coronation 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. Coronation Global Fund Managers (Ireland) Limited is authorised in Ireland and regulated by the Central Bank of Ireland. The fund is approved under Section 65 of the Collective Investment Schemes Control Act by the Financial Sector Conduct Authority of South Africa. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider.

JP Morgan (Ireland) has been appointed as the fund's trustees (www.jpmorgan.com; t: +353-1-612-4000), and its custodian is JP Morgan Administration Services (Ireland) Limited (www.jpmorgan.com; t: +353-1-612-4000). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHAT PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every business day. Fund valuations take place at approximately 17h00 each business day (Irish Time) and forward pricing is used. Instructions must reach Coronation before 12h00 (SA Time) one day prior to the dealing date. You can expect to receive withdrawal payouts three business days after the dealing day. Large investments or redemptions (exceeding 5% of fund value) may be subject to an anti-dilution levy to defray dealing costs and expenses. This levy, where applicable, is applied fully for the benefit 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 B NAV prices. Class A NAV prices were used for the period prior to the launch of Class B. All underlying price and distribution data are 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 www.coronation.com. You will also find additional information on the considerations pertinent to investing in a fund denominated in a foreign currency and domiciled in an offshore jurisdiction.

IMPORTANT INFORMATION REGARDING TERMS OF USE

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