

CORONATION GLOBAL EQUITY SELECT [ZAR] FEEDER FUND

Fund Information as at 30 June 2020

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 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.

Only the component of the fund fee charged at feeder fund level is subject to VAT.

The current provision for a fee discount of 0.35% p.a. if the fund underperforms its benchmark over any rolling 60-month period, will continue to apply to the new fixed fee until 31 March 2021

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

HUMAIRA SURVE
BScEng, MBA, CFA

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

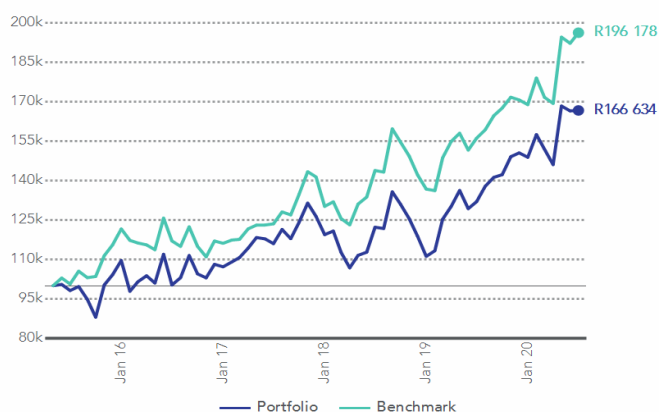
CLASS A as at 30 June 2020

| | |
|------------------------------|---|
| Fund category | Global – Equity – General |
| Launch date | 30 April 2015 |
| Fund size | R781.95 million |
| NAV | 166.64 cents |
| Benchmark/Performance | MSCI All Country World Index |
| Fee Hurdle | |
| Portfolio manager/s | Louis Stassen, Neil Padoa and Humaira Surve |

| | | |
|--------------------------------|--------|--------|
| Total Expense Ratio | 1 Year | 3 Year |
| Fund management fee | 1.23% | 1.48% |
| Fund expenses | 1.05% | 1.14% |
| VAT | 0.11% | 0.27% |
| Transaction costs (inc. VAT) | 0.06% | 0.06% |
| Total Investment Charge | 0.12% | 0.20% |
| | 1.35% | 1.68% |

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) | 66.6% | 96.2% | (29.5%) |
| Since Launch (annualised) | 10.4% | 13.9% | (3.5%) |
| Latest 5 years (annualised) | 11.2% | 14.3% | (3.1%) |
| Latest 3 years (annualised) | 12.8% | 16.7% | (3.8%) |
| Latest 1 year | 26.3% | 25.7% | 0.6% |
| Year to date | 12.0% | 16.2% | (4.2%) |

RISK STATISTICS SINCE LAUNCH

| | Fund | Benchmark |
|----------------------|---------|-----------|
| Annualised Deviation | 19.1% | 15.9% |
| Sharpe Ratio | 0.08 | 0.31 |
| Maximum Gain | 24.5% | 18.0% |
| Maximum Drawdown | (18.7%) | (14.7%) |
| Positive Months | 58.1% | 54.8% |

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-----------|------|--------|--------|-------|--------|------|--------|-------|--------|--------|--------|--------|--------|
| Fund 2020 | 5.8% | (3.5)% | (3.9)% | 15.3% | (1.1)% | 0.1% | | | | | | | 12.0% |
| Fund 2019 | 1.9% | 10.6% | 3.9% | 4.6% | (5.1)% | 2.1% | 4.4% | 2.5% | 0.7% | 4.8% | 1.0% | (1.1)% | 33.9% |
| 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)% |

PORTFOLIO DETAIL

GEOGRAPHIC ASSET ALLOCATION EXPOSURE

| Sector | 30 Jun 2020 |
|-----------------|--------------|
| Equities | 98.6% |
| North America | 50.6% |
| Europe | 34.7% |
| Asia | 9.4% |
| South Africa | 3.6% |
| Latin American | 0.3% |
| Cash | 1.4% |

TOP 10 HOLDINGS

| As at 30 Jun 2020 | % of Fund |
|--------------------------|-----------|
| Alphabet Inc | 4.8% |
| Charter Communication A | 4.4% |
| British American Tobacco | 4.2% |
| Naspers Ltd | 3.7% |
| Alibaba Group Holding | 3.2% |
| Philip Morris Int Inc | 3.2% |
| Heineken NV | 3.1% |
| Unitedhealth Group Inc | 2.9% |
| Airbus Group Se | 2.7% |
| Salesforce.com Inc | 2.5% |

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.

Following a rapid sell-off earlier this year, markets rebounded strongly in the second quarter (Q2-20). The stock market recovery has been very much V-shaped, with a gain of 19.2% this quarter following the first quarter's -21.4%, despite continued economic uncertainty and an unclear path to recovery. Nevertheless, this leaves global markets (as measured by the MSCI All Country World Index) still down 6.3% for the year.

The Fund returned 18.4% for the quarter, very slightly behind the benchmark.

Spotify, which more than doubled over the quarter, was the largest single contributor to returns. We have previously written that the global recorded music industry returned to growth in 2015 after almost two decades of decline. This growth was driven by streaming, which today accounts for the majority of industry revenue. In our view, music remains extremely under-monetised and we are still in the very early stages of streaming industry growth. There are now over 300 million paying music streamers globally. This is, however, a small portion of the 3.5 billion smartphones in the world today, while headline subscription prices have not changed in years and average revenues per user have in fact declined due to family and student discount plans. In the US, Spotify's headline price of \$9.99 per month is unchanged since its 2011 launch, while music spending per capita has halved in real terms since 1999. As the largest audio platform outside of China, with 130 million paying subscribers and an additional 163 million ad-supported users, we believe Spotify is well placed for long-term growth. Spotify is significantly larger than their primary competitor (Apple Music has 60-70 million subscribers with no free, ad-supported tier) and continues to add more subscribers each year due a better product and ongoing innovation.

We are also bullish on Spotify's podcast strategy. Terrestrial radio remains a large advertising revenue pool globally and Spotify is trying to disrupt this, acting decisively and investing in leading podcast creation tools, studios and exclusive content from top podcasters such as Joe Rogan. We believe this strategy is a win-win for all involved as it increases utility for users, allows podcasters to connect to the largest global audience and monetise their content, and brings significant benefits to Spotify itself, including higher user engagement and additional revenue streams.

Since 2015, Spotify has grown its revenue by 37% per annum (p.a.) and we expect strong growth to continue, forecasting growth of over 20% p.a. and steadily expanding margins going forward. In the words of co-founder and CEO Daniel Ek, "Everything linear dies". As the leading player and innovator in the fast-growing audio streaming market led by an exceptional management team, we believe Spotify is well positioned to capitalise on this trend.

Philip Morris was the largest detractor from performance, although with a return of -2.6%, the effect was only marginally negative. Philip Morris International (PMI) is a global tobacco company and the global leader in potentially reduced-risk next generation products (NGPs) through its IQOS heated tobacco franchise. IQOS is already contributing c.20% to company revenues. PMI has invested significantly into the IQOS franchise over a sustained period of time and has built a significant first-mover advantage in the heated tobacco category. IQOS has been a phenomenal success in our view, ranging from truly extraordinary results in Japan to solid steady progress across many European markets. To date, c.11 million smokers have completely quit smoking combustible cigarettes and moved to IQOS. At the time of writing, the US Food and Drug Administration (FDA), probably the preeminent tobacco regulator globally renowned for its science-led approach to regulation, had just authorised IQOS to be sold in the US with a reduced exposure claim to the effect that completely switching to IQOS significantly reduces a smokers' exposure to harmful chemicals. Importantly, as IQOS grows, it is accretive to PMI's revenues and profits. We believe there is still a long runway of growth for IQOS globally. Despite the resilience of tobacco as a consumer category, PMI has not been immune to Covid-19 lockdowns. PMI has been severely impacted by lost duty-free sales, the impact of lockdowns in emerging markets such as the Philippines and Indonesia and temporarily slower IQOS user conversion. Q2-20 results will be significantly negatively impacted by these factors, but we expect that over the medium term these lost sales should be recovered and that IQOS should fairly quickly resume its growth trajectory. PMI remains a top 10 holding.

Last quarter, we felt that there were attractive opportunities for those investors with a long time horizon and the ability to filter companies whose prices had been dislocated with little impact to their sustainable earnings power. After a sharp rally, these opportunities are now harder to find. In addition, the need to reassess the prospects of many businesses continues as investors parse fundamental virus-induced behavioural changes from short-term noise. Fundamental changes, however, play to the strengths of fundamental investors, and we continue to find a select number of stocks with attractive long-term prospects that are reasonably priced.

Thank you for your continued support and interest in the Fund.

Portfolio managers

Louis Stassen, Neil Padoa and Humaira Survé

as at 30 June 2020

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 2019 (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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