CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

Fund Information as at 31 May 2020

CORONATION

TRUST IS EARNED™

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	NEIL PADOA	HUMAIRA SURVE
BCom (Hons), BSc, CFA	BEconSci (AcSci), FFA	BScEng, MBA, CFA

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

CORONATION
TRUST IS EARNED™

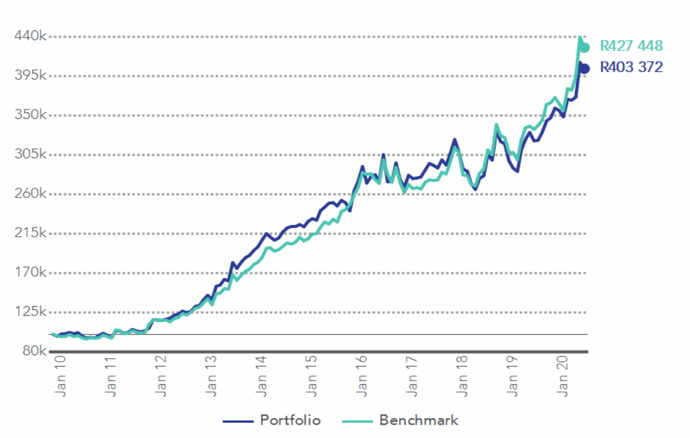
CLASS A as at 31 May 2020

Fund category	Global - Multi Asset - High Equity
Launch date	29 October 2009
Fund size	R 7.74 billion
NAV	397.30 cents
Benchmark/Performance Fee Hurdle	Composite: 60% MSCI All Country World Index & 40% Barclays Global Bond Aggregate
Portfolio manager/s	Louis Stassen, Neil Padoa and Humaira Surve

	1 Year	3 Year
Total Expense Ratio	1.40%	1.48%
Fund management fee	1.25%	1.32%
Fund expenses	0.09%	0.09%
VAT	0.06%	0.06%
Transaction costs (inc. VAT)	0.08%	0.14%
Total Investment Charge	1.48%	1.62%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

ASSET ALLOCATION EXPOSURE

Sector	31 May 2020
Equities	55.0%
Property	3.8%
Infrastructure	1.3%
Commodities	5.2%
Bonds	15.7%
Cash	19.0%

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

	Fund	Benchmark	Active Return
Since Launch (unannualised)	303.4%	327.4%	(24.1%)
Since Launch (annualised)	14.1%	14.7%	(0.6%)
Latest 10 years (annualised)	15.2%	16.1%	(0.9%)
Latest 5 years (annualised)	10.0%	13.1%	(3.1%)
Latest 3 years (annualised)	11.3%	15.7%	(4.5%)
Latest 1 year	25.6%	28.0%	(2.3%)
Year to date	15.8%	20.2%	(4.4%)

TOP 10 HOLDINGS

As at 31 Mar 2020	% of Fund
British American Tobacco	3.1%
Alphabet Inc	3.1%
Charter Communication A	2.9%
Philip Morris Int Inc	2.2%
Naspers Ltd	2.2%
Heineken NV	1.9%
Alibaba Group Holding	1.7%
Unitedhealth Group Inc	1.7%
Anthem Inc	1.7%
Airbus Group Se	1.5%

RETURNS VS BENCHMARK (AFTER FEES) (USD)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	78.6%	90.3%	(11.7%)
Since Launch (annualised)	5.6%	6.3%	(0.6%)
Latest 3 years (annualised)	1.0%	4.9%	(3.9%)
Latest 1 year (annualised)	3.8%	6.4%	(2.6%)
Year to date	(7.6%)	(4.1%)	(3.5%)

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.6%	12.5%
Sharpe Ratio	0.41	0.49
Maximum Gain	22.7%	24.8%
Maximum Drawdown	(17.7)%	(14.0)%
Positive Months	61.4%	60.6%

	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 2020	5.8%	(0.3)%	0.9%	10.7%	(1.7)%								**15.8%**
Fund 2019	(1.3)%	8.6%	3.9%	2.5%	(2.9)%	0.2%	3.0%	3.8%	1.0%	3.2%	(0.8)%	(2.0)%	**20.2%**
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%**

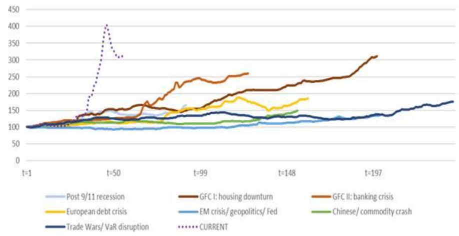
Issue date: 2020/06/09

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

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.

In last quarter's commentary we wrote: "2019 was a year to make money". However, we also cautioned that "after a sustained period of strong equity returns, declining interest rates, reduced tax rates, expanding profit margins, and rising valuation multiples, investors should recalibrate return expectations lower. The conditions in place today are quite different to those in place a decade ago. We have no insight into short-term market moves, but feel that absolute returns could very well be lower over the next ten years compared to the last ten." Well, we didn't have to wait long. Risk assets plunged over the quarter as the economic consequences of the Covid-19 pandemic started to become apparent. (For a full discussion, please see Coronation's commentary here). Economic activity in many countries and sectors around the world has come to a halt. This unprecedented 'full stop' caused stress and market dislocations across the spectrum. Volatility was back with a vengeance, and, in both credit and equity markets, indicators spiked to levels above those seen in the Global Financial Crisis.

US Investment Grade credit spreads (re-based to the start of various crises)



The Volatility Index (which measures expected volatility of the S&P 500 index)

Sources: Bloomberg

With this as a backdrop, the Fund declined -16.4% for the quarter compared to -13.3% for the benchmark. While the Fund's equity holdings were marginally behind the benchmark, the underperformance was primarily caused by the non-equity holdings. Here, the lack of developed market government bond exposure was the primary culprit, as we chose instead to take some credit risk, which sold off as credit spreads increased. Importantly, these are mark-to-market losses, not permanent impairments, as we either still hold those securities or have rotated into issues with a more favourable risk-reward profile. Although we are never satisfied with underperformance, it should be considered in the context of:

- A very strong 2019 return of 23.4%, which was 4,9% ahead of the benchmark;
- Long-term returns which remain satisfactory (4.4% p.a., more than double US inflation); (; and
- A much-improved opportunity set, which is most important for potential future returns.

Following such a dramatic quarter, it is also worth reflecting on the additional aims for managing the Fund as outlined in last quarter's commentary:

1. Deliver attractive absolute returns (meaningfully ahead of inflation). After meaningful declines, long-term expected returns for both corporate credit and equity markets are now higher. In the short- to medium-term, however, the potential range of outcomes is much wider. Investors should not be surprised to see more volatility, both to the up and downside.

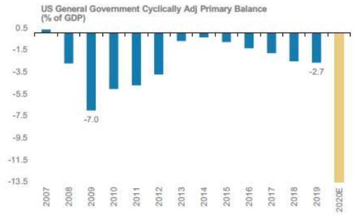
2. Offer some downside protection from equity market volatility (although with equities as a core building block, investors in the Fund should not expect to be fully shielded from market sell-offs). Compared to equity markets, the Fund delivered 90% of the positive return in 2019, while in the first quarter of 2020, it has delivered 77% of the negative return. In other words, the Fund participated in almost all of 2019's upside, but only just more than three-quarters of the recent downside.

3. Do not expose the Fund to excessive risk, even if such exposures are large in the benchmark (such as developed market government bonds today). The fiscal and monetary response is unprecedented. Aggressive monetary measures are pumping vast amounts of liquidity into the system causing central bank balance sheets to surge, while fiscal deficits are also set to explode once economic support is factored into government finances. Data for the US is shown below, but it is mirrored (to varying degrees) in Europe, Japan, China and the UK.

US Fed balance sheet (% of GDP over the last 100 years)

Source: BofA Global Research

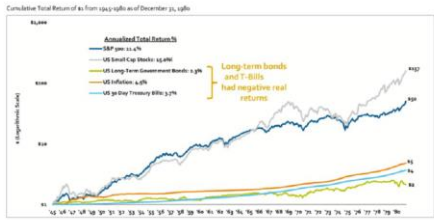
US Primary Balance (% of GDP, cyclically adjusted)



Source: Haver Analytics, Morgan Stanley Research forecast.

Notwithstanding the current recessionary conditions, which Morgan Stanley believes could be the fastest and steepest recession in history, resulting in spare capacity and economic slack, the world will eventually get back to work. From this low base of activity, pent-up demand (combined with huge stimulus) could be highly inflationary. In this scenario, the US experience after WWII is instructive and highlights the material underperformance, and declining purchasing power, of cash and government bonds (see chart below). This is in stark contrast to the last few decades during which bonds have been the ultimate low volatility, low-risk, uncorrelated, and real return-generating asset:

- Since 1990 (30 years), the global bond index returned 5.7% p.a., less than 1% behind global equities, with a fraction of the volatility and drawdown risk.
- Since 2000 (20 years), the global bond index has beaten equities by c.0.5% p.a.



Source: Morgan Stanley Wealth Management GIC using data provided by Morningstar/ © 2020 Morningstar, Inc.

As bonds approach the zero bound, the asymmetry of returns skews increasingly one way. Yields cannot be forever compressed, so the upside potential is limited (bond prices go up when yields go down). However, poor prospective returns from rates simply staying where they are, negative real returns from monetary debasement, and negative absolute returns from a rise in interest rates are all possibilities. While the inflationary scenario outlined above is only one potential outcome, it does inform the Fund's positioning and we continue to hold no developed market government bonds. In turn, we have built positions in assets that should perform well in an inflationary environment. Aside from the allocation to risk assets (equity, property and infrastructure), which comprised 64% of the Fund at quarter-end, we also have 10% of the portfolio in gold and inflation-protected securities.

Key portfolio actions

1. Active management of equity exposure: Walking through the changes in a volatile quarter such as this will help to illustrate the process. The quarter started with 60% effective exposure to equities. On 27 February, with markets not far off their highs (the MSCI All Country World Index was 522), exposure troughed at 54.9% as we grew concerned about the potential fall-out from the virus amid fairly widespread complacency in the market. Equity exposure peaked at 63.6% on 25 March (index level 428, c.20% lower). Considering the decline in the markets and the increase in exposure, one can see the Fund was a meaningful net buyer into the decline. While we will never time these actions perfectly, with a disciplined, rational process, and valuation philosophy that is rooted in the long-term, we aim to have lower equity exposure when risks and valuations are high, and higher exposure when prospective returns are higher. Simple, but not easy.

2. Changes in equity holdings: Most of our large holdings going into the quarter were well-positioned for the coming economic stress. In the top 10, Chinese internet businesses Tencent (via Naspers) and Alibaba are arguably net beneficiaries, being leaders in gaming and ecommerce. Charter Communications, a broadband provider in the US, is seeing much higher demand for their essential internet service, although the business it is not immune and cord-cutting will accelerate and subscriber growth slow as the unemployment wave hits. Tobacco businesses Philip Morris and British American Tobacco have seen stable demand. Airbus is an obvious exception. With entire countries in lockdown, and many airlines around the world facing bankruptcy, orders of new aeroplanes are being delayed and cancelled. The stock ended down more than 50%. Airbus has a net cash balance sheet which should see it through this crisis. Deliveries will be cut substantially over the next couple of years, but, looking through this extended period of disruption, our estimate of normalised earnings power justifies a significantly higher share price. The Fund took advantage of a few anomalies: good businesses that initially sold off in line with the market, but whose prospects had only changed marginally. Unilever is a case in point. The stock traded close to 14x earnings, and with a dividend yield nearly 4.5% at the lows, which we thought provided good value - in particular when the potential range of outcomes for the average business had widened so considerably. Unilever ended the quarter just outside our top 10 holdings.

3. Other changes: Within credit, the most meaningful portfolio actions centred on investment-grade credits to take advantage of dislocated credit spreads (as shown in the chart above). While these actions don't dramatically change the return profile of the portfolio, they help at the margin. Examples of near-dated issues that were purchased include:

- Berkshire Hathaway (AA-rated) August 2021s were bought at a credit spread of 250 basis points (bps) over Treasuries.
- GlaxoSmithKline (A-rated) May 2022s were bought at a credit spread of 290 bps.

Outlook: Markets could very well remain volatile as the nature of the pandemic evolves and progresses. As a team, we are focused (as always) on researching individual businesses, assessing their long-term earnings power, understanding the potential impact this black swan event may have on the investment case, managing risk, and adjusting the portfolio accordingly. While the backdrop has changed dramatically, our process hasn't. Thank you for your continued support and interest in the Fund.

Portfolio managers
Louis Stassen, Neil Padoa and Humaira Survé
as at 31 March 2020

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 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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.