

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

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), CFA

**SUHAIL
SULEMAN**

BBusSc, CFA

GENERAL FUND INFORMATION

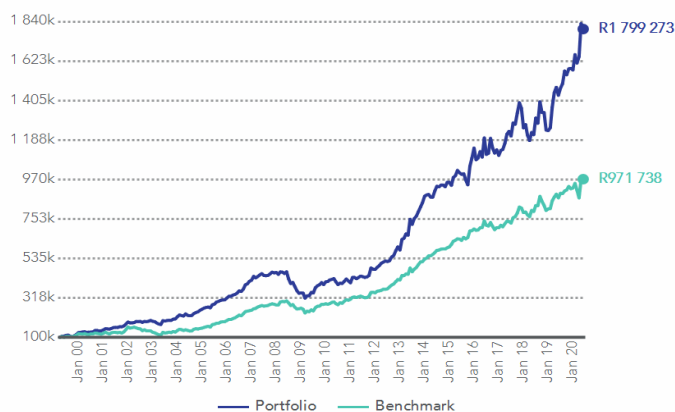
Launch Date	15 March 1999
Fund Class	A
Benchmark	Composite: 35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA
Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COROPTG
ISIN Code	ZAE000019782
JSE Code	CNOG

Fund category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R 9.83 billion
NAV	14158.60 cents
Benchmark/Performance	Composite (35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA)
Fee Hurdle	
Portfolio manager/s	Gavin Joubert, Marc Talpert and Suhail Suleman

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.24%	1.52%
Adjusted for out/(under)-performance	1.00%	1.00%
Fund expenses	0.09%	0.31%
VAT	(0.01)%	0.03%
Transaction costs (inc. VAT)	0.15%	0.19%
Total Investment Charge	0.13%	0.15%
	1.37%	1.67%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



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

	Fund	Benchmark	Inflation
Since Launch (unannualised)	1699.3%	871.7%	237.6%
Since Launch (annualised)	14.6%	11.3%	5.9%
Latest 15 years (annualised)	13.2%	12.3%	5.6%
Latest 10 years (annualised)	16.1%	13.0%	5.0%
Latest 5 years (annualised)	12.3%	8.7%	4.7%
Latest 3 years (annualised)	13.3%	9.6%	4.0%
Latest 1 year (annualised)	25.5%	11.8%	3.0%
Year to date	14.4%	5.3%	1.4%
Annualised Deviation	12.5%	10.9%	1.5%
Sharpe Ratio	0.49	0.26	(1.73)
Downside Deviation	7.0%	5.6%	0.6%
Positive Months	65.0%	63.0%	90.9%

	Fund	Date Range
Highest annual return	51.1%	Jan 2013 - Dec 2013
Lowest annual return	(31.5%)	Mar 2008 - Feb 2009

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

	Fund	Benchmark	MSCI ACWI
Since Launch (unannualised)	534.2%	243.0%	185.5%
Since Launch (annualised)	9.1%	6.0%	5.1%
Latest 10 years (annualised)	6.8%	4.1%	9.4%
Latest 5 years (annualised)	4.3%	1.0%	5.6%
Latest 3 years (annualised)	2.7%	(0.6)%	5.2%
Latest 1 year (annualised)	4.3%	(7.0)%	5.4%
Year to date	(8.7)%	(15.9)%	(9.2)%

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	5.4%	(2.8)%	2.2%	11.1%	(1.7)%								14.4%
Fund 2019	1.3%	9.0%	6.0%	2.0%	(3.0)%	2.7%	1.7%	4.7%	(1.4)%	2.2%	0.2%	(0.6)%	26.9%
Fund 2018	1.5%	(4.6)%	(2.4)%	3.8%	(1.0)%	7.6%	(2.2)%	9.2%	(4.2)%	0.0%	(7.2)%	(0.2)%	(1.2)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2020
Equities	71.5%
North America	24.2%
Europe	18.2%
Asia	13.6%
South Africa	6.9%
United Kingdom	5.5%
Latin American	3.2%
Bonds	1.3%
North America	0.7%
South Africa	0.4%
Europe	0.2%
Latin American	0.1%
Cash	21.3%
USD	10.9%
Other	9.1%
ZAR	1.3%
Commodities	2.6%
Gold	2.6%
Real Estate	3.2%
Europe	2.9%
Latin American	0.1%
South Africa	0.1%

TOP 10 HOLDINGS

As at 31 Mar 2020	% of Fund
Philip Morris Int Inc	3.7%
58 Com Inc-Adr	3.3%
Heineken Holdings NV	2.9%
Naspers Ltd	2.7%
Alphabet Inc	2.6%
Ping An Insurance Group Co	2.5%
Alibaba Group Holding	2.3%
Housing Dev Finance Corp	2.2%
Diageo plc	2.1%
Unilever	2.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	57.31	48.05	9.25
29 Mar 2019	01 Apr 2019	30.81	26.96	3.85
28 Sep 2018	01 Oct 2018	69.10	67.56	1.54
29 Sep 2017	02 Oct 2017	15.67	13.67	2.00

The fund appreciated 4.7% in the first quarter of 2020, compared with the benchmark's negative 6.0% return, resulting in 10.6% alpha for the period. During a very volatile period with extreme downward moves, it was pleasing to both generate alpha and a positive absolute return.

With the fund being a fully flexible fund, it was encouraging to see asset allocation was a large contributor towards the quarter's performance. A collection of index put options were the largest contributor (4.4% positive impact), as various global indices turned heavily negative, and these options provided valuable protection. This was followed by a US dollar cash position (+28%, 1.5% positive impact), with the final noteworthy positive contributor being a gold bullion holding (+33%, 0.8% positive impact). Unfortunately, the fund still incurred losses on a few individual positions, with the largest being Unibail-Rodamco-Westfield (-51%, 1.4% negative impact), followed by Airbus (-44%, 1.1% negative impact) and Capri Holdings (-61%, 1.0% negative impact).

Over the past five years, the fund has generated a positive return of 10.7% per annum (p.a.), 14.7% p.a. over 10 years and 14.3% p.a. (3.4% annualised outperformance) since inception over 20 years ago.

The fund ended the quarter with 73% net equity exposure, slightly more than at the end of December. However, it should be noted that, during the quarter, net equity exposure was as low as 59%, with this having increased towards the end of the quarter as the fund started buying equities post the sell off. Of this, approximately 54% of the equity exposure was invested in developed market equities, and 46% in emerging market equities.

Our negative view on global bonds remained unchanged, as a large portion of developed market sovereign bonds offer negative yields to maturity, with the follow-on effect that most corporate bonds also offer yields which do not compensate you for the risk undertaken. Only 1.3% of the fund is invested in bonds, which is largely made up of a 0.7% position in L Brands (owner of Victoria Secret) corporate bonds.

The fund also has c. 4.5% invested in global property; largely Unibail (European and US retail property) and Vonovia (German residential). Lastly, the fund has a physical gold position of 2.7%, along with a 1.5% holding in Barrick Gold Corp, the largest gold miner globally. The balance of the fund is invested in cash, largely offshore. As has been the case for many years, the bulk of the fund (over 90%) is invested offshore, with very little exposure to South Africa (SA), barring some small new buys made during the quarter which collectively amount to just over 3% of fund.

The disappointing performance of Unibail was driven by government-imposed lockdowns across Europe, forcing many of their tenants to close, with many now either refusing to pay rent or requesting some form of relief. We acknowledge that some sort of relief will most likely be granted, which will negatively impact cash flow in the short term, however, we are encouraged by Unibail proactively enhancing their liquidity position while cancelling the second half of their previously announced dividend. This provides them with enough liquidity to ensure they can meet all their obligations, even in a severely stressed scenario. The extreme downward share move (down c.60% in EUR since January 2020) is unwarranted in our view – the business now trades at levels last seen over 20 years ago, reflecting a 75% discount to net asset value. Notwithstanding the very real pressures on retail property during this crisis, we feel Unibail will survive the crisis, and, ultimately, the share will begin to trade at a price more reflective of its underlying fundamentals.

Notable buys during the quarter were Phillip Morris International (PMI), Barrick Gold Corp and EssilorLuxottica.

PMI was an existing holding in the fund, which was increased materially (247 basis points bought) over the quarter as the stock fell 30% (in US dollars) from its peak in the Covid-19-induced panic. As the business is exposed to a consumption habit which is addictive and has largely been defensive in weak economic environments, we felt that the fall, which was in excess of the total market, was not warranted, as we feel there is little fundamental long-term impact to the business. It currently trades on c.13x forward earnings with a 7% dividend yield, which we view as highly attractive.

Barrick Gold Corp is the product of a merger between legacy miner Barrick and Randgold, with Mark Bristow, the former Randgold CEO, taking the helm of the combined entity. This is notable, as Mark Bristow brings with him both a track record of exceptional operational execution and good capital allocation - a skill very hard to find in the gold mining industry. We expect Mark to apply his expertise to the legacy Barrick assets, which should generate a significant amount of value in the long term.

EssilorLuxottica is the global leader in design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. The merger of Essilor and Luxottica created a vertically-integrated player with extensive distribution and global retail reach. The segments which drive their long-term business, being corrective eyewear and sun protection eyewear, have large structural tailwinds due to increasing penetration of their products, along with a growing addressable market due to increasing incidences of myopes (near-sightedness) and presbyopes (age-related far-sightedness). The share fell 30% (in EUR), allowing the fund to purchase a stake in a high-quality business at a reasonable price. The business should be able to consistently grow earnings at mid to high single-digits over the foreseeable future as its end market expands, it realises synergies from the merger, and leverages the significant Luxottica global retail footprint to sell Essilor lenses.

The future is always inherently difficult to predict, and this has been further compounded by Covid-19. However, we feel the fund has been constructed in a manner to ensure the highest risk-adjusted returns are achieved, while considering a very uncertain backdrop. As always, our greatest focus is delivering to our client expectations, and, during this current crisis, this focus is as strong as ever.

Portfolio managers

Gavin Joubert, Marc Talpert & Suhail Suleman
as at 31 March 2020

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION OPTIMUM GROWTH FUND

The Optimum Growth 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. Asset allocation and 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 Asset Management (Pty) (FSP 548) Ltd, 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.