CORONATION GLOBAL EMERGING MARKETS FUND

Fund Information as at 30 November 2020

CORONATION
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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 2020

CORONATION

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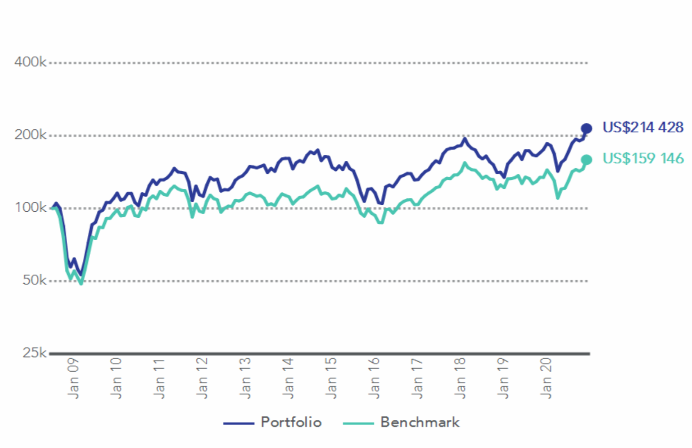
Launch date	14 July 2008
Fund size	US$ 1.38 billion
NAV	15.26
Benchmark/Performance Fee Hurdle	MSCI Emerging Markets Index
Portfolio manager/s	Gavin Joubert and Suhail Suleman

	1 Year	3 Year
Total Expense Ratio	1.34%	1.24%
Fee for performance in line with benchmark	1.33%	1.14%
Adjusted for out/(under)-performance	(0.08)%	0.00%
Fund expenses	0.09%	0.10%
VAT	0.00%	0.00%
Transaction costs (inc. VAT)	0.16%	0.18%
Total Investment Charge	1.50%	1.42%

PERFORMANCE AND RISK STATISTICS

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



PORTFOLIO DETAIL

EFFECTIVE GEOGRAPHIC EXPOSURE

Country	30 Nov 2020
Equities	**96.79%**
China	34.31%
India	9.22%
Russian Federation	8.09%
South Africa	7.91%
South Korea	6.47%
Brazil	5.25%
United Kingdom	4.07%
Mexico	3.94%
France	2.96%
Taiwan Province Of China	2.73%
Other	11.85%
Cash	**3.21%**
USD	2.68%
ZAR	0.29%
Other	0.24%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	114.43%	59.15%	55.28%
Since Launch (annualised)	6.34%	3.81%	2.52%
Latest 10 years (annualised)	5.48%	3.78%	1.70%
Latest 5 years (annualised)	12.16%	10.72%	1.44%
Latest 3 years (annualised)	5.79%	4.92%	0.87%
Latest 1 year	22.26%	18.43%	3.83%
Year to date	15.40%	10.20%	5.20%

TOP 10 HOLDINGS

As at 30 Nov 2020	% of Fund
Naspers Ltd (South Africa)	7.00%
Alibaba Group Holding (China)	6.41%
Jd.com Inc Adr (China)	5.23%
Housing Dev Finance Corp (India)	3.71%
Samsung (South Korea)	3.05%
Ping An Insurance Group Co (China)	3.02%
Magnit Ojsc-spon (Russian Federation)	2.86%
Netease.com Inc (China)	2.85%
Taiwan Semiconductor Man (Taiwan Province Of China)	2.73%
Formento Economico Mexicano (Mexico)	2.64%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	23.7%	21.7%
Sharpe Ratio	0.24	0.15
Maximum Gain	99.4%	56.3%
Maximum Drawdown	(49.5)%	(51.4)%
Positive Months	57.0%	54.4%
	Fund	**Date Range**
Highest annual return	106.2%	Mar 2009 - Feb 2010
Lowest annual return	(33.6%)	Sep 2014 - Aug 2015

SECTORAL EXPOSURE

As at 30 Nov 2020	Fund
Consumer Discretionary	34.55%
Consumer Staples	25.54%
Financials	14.75%
Communication Services	10.61%
Information Technology	9.74%
Industrials	1.01%
Health Care	0.48%
Cash	3.32%

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

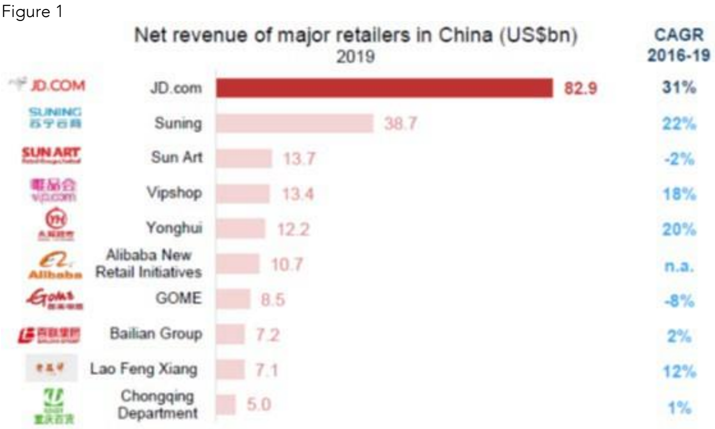
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	(2.0)%	(7.4)%	(15.4)%	8.7%	3.0%	7.6%	8.5%	4.0%	(1.7)%	1.6%	10.7%		**15.4%**
Fund 2019	13.6%	3.6%	4.5%	2.6%	(6.0)%	8.7%	0.0%	(3.9)%	(1.0)%	3.0%	3.2%	5.9%	**38.2%**
Fund 2018	6.9%	(5.9)%	(3.3)%	(1.5)%	(5.9)%	(2.4)%	2.8%	(5.3)%	(2.8)%	(7.2)%	0.3%	(4.9)%	**(26.2)%**

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

The Coronation Global Emerging Markets Fund returned 10.9% during the third quarter, 1.3% ahead of the 9.6% return of the benchmark MSCI Emerging Markets Index. With this outperformance, the Fund has provided a return of 2.5% in 2020, 3.7% ahead of the -1.2% return of the benchmark. If one looks back at how markets performed in the first quarter of 2020 and the general panic that accompanied the worldwide spread of the coronavirus, it is quite pleasing to have both positive absolute returns this year and alpha. Of course, the longer-term returns remain the most important consideration. In this regard, the Fund has outperformed over all meaningful time periods since inception in 2008; by 3.3% p.a. over five years, 1.7% p.a. over 10 years and 2.5% p.a. since inception just over 12 years ago.

The largest contributor to outperformance in the quarter was Wuliangye Yibin. The Baijiu (local Chinese spirits) producer returned 34% in the period, providing 0.9% of alpha to the Fund. Having clamped down hard and early – we have heard interesting first-hand accounts of the restrictions placed on daily life in China during their lockdown – China's economy has stabilised and returned toward normality faster than anticipated and many Chinese shares have benefitted from this. The second largest contributor was JD.com, up 29% to add 0.7% to alpha. JD.com can be thought of as the "Amazon" of China; a large part of what it sells is its own inventory and deliveries use its own fulfilment infrastructure. China was already the country with the highest e-commerce penetration in the world prior to 2020; a combination of highly innovative e-commerce retailers that the mediocre pre-existing physical retailers struggled to compete with. The high level of adoption of digital payment methods further enables e-commerce. In spite of being already well established in the minds of the consumer, JD.com has benefitted tremendously from the demand uplift that accompanied lockdowns. We spoke about the 21% revenue growth in Q1-20 in our last commentary, but Q2-20 results (reported mid-August) were even better, with revenues up 34%, well above consensus of 27%. Even more impressive was the rise in operating profit, up 75% year-on-year, with margins rising to 2.8% from 2.1% in the same period last year. This led to a 50% increase in earnings per share. All this was driven by a 30% rise in active customers. Most importantly, this operating performance was accompanied by strong free cash flow generation. Unsurprisingly, the share reacted very positively after the results announcement, moving from around $64 to as high as $83. JD.com was already the largest retailer in China heading into 2019 and this position of strength will be further enhanced by its operational performance in 2020.

Figure 1



Source: Goldman Sachs, company reports

Like several other US-listed Chinese companies, JD.com did a secondary listing in Hong Kong, raising $4bn and ended the quarter with $18bn in cash, around 15% of market cap. The secondary listing was part of a wider move by prominent Chinese companies to reduce their exposure to US capital markets over fears the US may unilaterally impose onerous requirements on Chinese companies that they may not be able to meet, as the Chinese government are not fond of foreigners exercising regulatory oversight of Chinese-domiciled businesses. The list of companies that have done this now includes other Fund holdings like Alibaba, NetEase and Yum China. This transfer of trading volume toward Hong Kong is part of the investment case for the Hong Kong Stock Exchange, which is a small position in the Fund (0.5%).

Russian holding Yandex was the next largest contributor. Up 30% in the quarter, it added 0.5% to alpha. Yandex has more than doubled from the low it reached in March (under $30) and we have trimmed the position as it has appreciated, having bought when it was under pressure in Q1-20. The 2.1% position size that remains reflects the reasonable valuation and positive long-term outlook for Yandex, which has evolved beyond search to be a meaningful player in many other sectors such as ridesharing and e-commerce. More recently, Yandex has bid to acquire TCS, Russia's largest digital bank. The last two of the top five contributors to alpha were the underweight in Tencent, which lagged the market by being up only 3% in the quarter (0.4% alpha) and Brazilian digital payments solution provider Stone Co., up 37% for 0.3% contribution to alpha.

The biggest detractor was the underweight in Taiwan Semiconductor Manufacturing Company (TSMC), the third-largest stock in the index. TSMC was up 43% in the quarter and the underweight cost the Fund 0.7%. We are very positive on the company but feel that a 3% position is more appropriate, given its risk-adjusted expected return and IRR relative to the rest of the investment universe. TSMC reported excellent results for the first half of 2020 (net income up close to 90% vs last year). There have also been continued stumbles by one of its main competitors Intel, which announced that it is at least a year behind schedule in manufacturing the next generation of 7nm chips. This means that TSMC's competitive positioning is probably the strongest it has ever been. The Mexican holding company FEMSA (2.6% of Fund), fell 8% in the quarter and cost 0.5% of alpha. Mexico continues to struggle in dealing with the coronavirus and most of FEMSA's main assets were negatively affected. The largest contributor to FEMSA, the convenience store chain Oxxo that is about half of our sum of the parts valuation, saw its operations hampered by lockdowns and bans on the sale of alcohol (a large contributor to sales). FEMSA's 15% stake in global brewer Heineken, which makes up roughly 25% of the company's valuation, was also hurt by the 8% decline in the share price of Heineken. Heineken has been under pressure as they index disproportionately toward premium beers, which tend to be sold on premise (where margins are higher) rather than in supermarkets (lower margin). With global curbs on socialising, Heineken has seen volumes fall 12% in the first half of 2020.

Other material detractors were the underweight in Alibaba – up 36%, the +/-2% underweight position cost the Fund 0.5% - and the combined exposure to Naspers & Prosus, which were slightly down in the quarter and cost the Fund a combined 0.9%.

There were three new buys in the quarter – Samsung Electronics, BGF Retail and PagSeguro. Samsung needs no introduction, as the Fund has owned it at various points in the past, but developments in the chip and memory industries, which are increasingly consolidated and with returns accruing to the top players disproportionately over time, led us to repurchase it into the Fund. Unlike TSMC, Samsung's share price remains below where it was before the Covid-induced market selloff that started in February. Despite a 40% recovery from the lows reached in March, Samsung still trades on less than 12x forecasted earnings for the 2021 fiscal year with a 3% dividend yield and close to a third of its market cap in cash. By quarter-end, Samsung was 2.2% of the Fund.

BGF retail is a (South) Korean convenience retailer and was bought into the Fund (0.4% position) for the first time. BGF operate in the CVS (convenience value service) segment, which is attractive in a country like Korea where there is very high degree of urbanisation, high population density and small household size. The segment has doubled market share over the last decade to 7%, but this is still below regional peers, with similar demographics and drivers like Taiwan and Japan. With challenged formats like department stores, hypermarkets and specialty stores still making up over 50% of retail sales in the country, there is still reasonable market share up for grabs. BGF trades on 14x forward earnings, has a net cash balance and consistently generates returns on equity in excess of 20%.

The last new buy was PagSeguro, a Brazilian financial services company catering primarily to small merchants in that country. Small merchants make up the long tail of customers in Brazil, and have traditionally been averse to accepting card payments due to the high fees charged by the other acquirers and banks for this facility. PagSeguro already have 5.5m active merchants using their payment functionality and 3.7m using their fully digital bank accounts. Like Stone, a Fund holding we wrote about in the March quarter, PagSeguro is looking to take market share away from the incumbent acquirers and banks in Brazil as they earn outsized returns for the value they provide to customers. It is estimated that only 30% of micro merchants currently accept cards. Brazil, like other countries, is increasingly adopting non-cash methods of payment and PagSeguro is expected to continue to grow its 7% market share in the card acquiring industry (by value). Together with the 1.2% position in Stone, which benefits from similar market share gain potential, the Fund now has +/-2% invested in the Brazilian payment providers covering the small-and medium-sized merchant segments.

The Fund sold both South African food retailers Shoprite and Spar during the quarter. These were small positions (combined 0.8%) and we felt the opportunities were better elsewhere, such as the new buys above. The most notable sale was that of 58.com, which we have held in the Fund since late 2016 and had been a top 10 stock in the Fund for some time. 58.com was bought out by a private equity firm, which added the founder to the buyout consortium after their initial bid, in order to secure the support of his high voting shares. We believed the buyout price significantly undervalued the business and was very opportunistic - the share had traded 25% higher than the proposed price as recently as January this year – and we lobbied the board to prevent the founder from exercising his voting rights due to the inherent conflict this represented (as he was both buyer and seller). These actions were not successful and only a nominal increase in the offer price was requested by the board, and as a result we sold the remaining exposure as the share price converged to the new buyout price.

Portfolio managers
Gavin Joubert and Suhail Suleman
as at 30 September 2020

CORONATION GLOBAL EMERGING MARKETS FUND

Important Information

CORONATION

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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 2020 (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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