CORONATION OPTIMUM GROWTH FUND

Fund Information as at 31 August 2021

CORONATION
TRUST IS EARNED™

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

7/10
Aggressive

Maximum growth/
minimum income exposures

Growth Assets: 100%
Income Assets: 0%

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

CORONATION OPTIMUM GROWTH FUND

CLASS A as at 31 August 2021

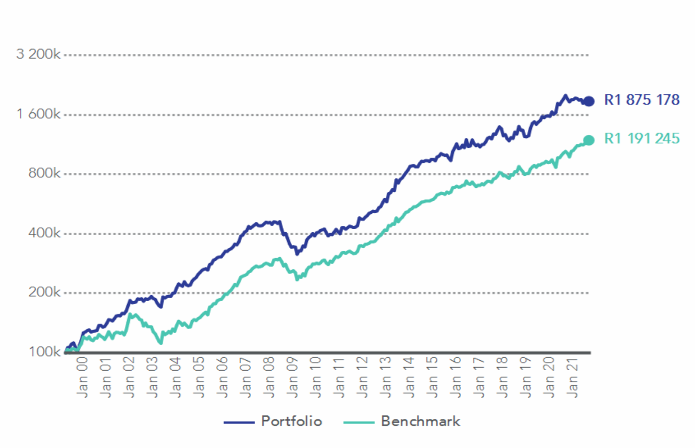
CORONATION
TRUST IS EARNED™

Fund category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R14.76 billion
NAV	14755.90 cents
Benchmark/Performance Fee Hurdle	Composite (35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA)
Portfolio manager/s	Gavin Joubert, Marc Talpert and Suhail Suleman

	1 Year	3 Year
Total Expense Ratio	2.37%	1.84%
Fee for performance in line with benchmark	1.00%	1.00%
Adjusted for out/(under)-performance	1.00%	0.58%
Fund expenses	0.07%	0.03%
VAT	0.30%	0.23%
Transaction costs (inc. VAT)	0.11%	0.12%
Total Investment Charge	2.48%	1.96%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2021
Equities	**76.9%**
Europe	24.7%
North America	24.8%
Asia	20.4%
South Africa	6.2%
Latin American	0.7%
Middle East	0.1%
Bonds	**4.4%**
South Africa	4.3%
Europe	0.1%
Latin American	0.1%
Cash	**14.2%**
USD	9.6%
Other	3.5%
ZAR	1.1%
Commodities	**3.3%**
Europe	3.3%
Real Estate	**1.2%**
South Africa	0.3%
North America	0.3%
Asia	0.2%
Latin American	0.2%
Europe	0.2%

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

	Fund	Benchmark	Inflation
Since Launch (unannualised)	1775.2%	1091.2%	257.5%
Since Launch (annualised)	14.0%	11.7%	5.8%
Latest 15 years (annualised)	11.5%	11.6%	5.6%
Latest 10 years (annualised)	15.8%	14.1%	5.0%
Latest 5 years (annualised)	9.4%	10.2%	4.4%
Latest 3 years (annualised)	10.3%	10.7%	4.1%
Latest 1 year (annualised)	(6.7)%	13.9%	4.8%
Year to date	(2.0)%	12.4%	4.1%
Annualised Deviation	12.4%	10.8%	1.5%
Sharpe Ratio	0.47	0.32	(1.59)
Downside Deviation	7.0%	5.6%	0.7%
Positive Months	64.3%	63.6%	91.1%

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

TOP 10 HOLDINGS

As at 30 Jun 2021	% of Fund
JD.com Inc Adr	3.6%
Naspers Ltd	3.0%
Alphabet Inc	2.7%
Facebook Inc.	2.5%
Visa Inc	2.2%
Microsoft Corp	2.2%
Amazon Com Inc	2.0%
Salesforce.com Inc	2.0%
Mercari Inc	1.9%
Philip Morris Int Inc	1.9%

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

	Fund	Benchmark	MSCI ACWI
Since Launch (unannualised)	698.2%	407.7%	323.5%
Since Launch (annualised)	9.7%	7.5%	6.7%
Latest 10 years (annualised)	7.6%	6.0%	12.2%
Latest 5 years (annualised)	9.6%	10.5%	14.3%
Latest 3 years (annualised)	10.7%	11.2%	14.3%
Latest 1 year (annualised)	8.9%	32.8%	28.6%
Year to date	(0.8)%	13.8%	15.9%

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

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	1.7%	(0.5)%	(1.8)%	1.0%	(4.6)%	3.4%	(0.3)%	(0.7)%					**(2.0)%**
Fund 2020	5.4%	(2.8)%	2.2%	11.1%	(1.7)%	3.8%	3.3%	4.2%	(4.1)%	(3.5)%	2.7%	0.1%	**21.6%**
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%**

Issue date: 2021/09/09

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

The Fund declined 0.4% in the second quarter of 2021 (Q2-21), compared with a benchmark return of 2.7%, which resulted in 3.1% underperformance for the period. The continued underperformance of the Fund is disappointing, yet we believe that the collection of assets held by the Fund still offers compelling long-term risk-adjusted returns with which to deliver on its goal of compounding capital well ahead of inflation.

While we are by no means happy with the short-term underperformance of the Fund over the past year, something to bear in mind is that ~90% of the Funds' investments are offshore, and the ZAR's 17% appreciation in the past year has been a headwind. It should be further acknowledged that the past year has particularly benefitted economically sensitive businesses, as actual macroeconomic numbers vs what was expected in the depth of despair last year have materially outperformed expectations. With this, economically sensitive businesses' actual earnings performance has been significantly ahead of expectations, driving the sharp outperformance of these types of stocks.

The Fund has, and continues to own, far less of these sorts of businesses, which are often lower quality as well. Macro is inherently difficult to predict, as the last 12 months has shown. Thus, we prefer to invest in businesses that benefit from structural tailwinds, led by excellent management teams who ultimately determine the business's long-term success, as opposed to hard-to-predict macroeconomic factors that businesses cannot control. Valuation, however, has always been our guiding principle in determining whether to deploy your fund capital into these sorts of businesses.

We remain focused and confident that the Fund is well-positioned to achieve outperformance over the long term with these key principles in mind.

It appears that our expectation of a disjointed normalisation experience is playing out across different geographies as varying degrees of vaccine coverage are achieved, which continues to create complexity for many businesses that operate across geographies. Emerging variants of COVID-19 are also contributing to increasing uncertainty, and short-term visibility remains low. During the quarter, the largest positive contributors were Alphabet (+13.3%, 0.3% positive impact), Facebook (+14.0%, 0.3% positive impact), Heineken (+14.1%, 0.3% positive impact) and Mercari (+13.1%, 0.2% positive impact). The largest negative contributors were New Oriental Education (-45.3%, 0.7% negative impact), Naspers (-15.0%, 0.7% negative impact) and Tencent Music Entertainment (-27.6%, 0.5% negative impact).

New Oriental Education is a business focused on after-school tutoring of Chinese students. The share came under considerable pressure due to *potential* regulations that could impact the after-school tutoring industry. These regulations could come in the form of restrictions as to when after-school tutoring is allowed, which, if implemented, would materially impact the future growth of New Oriental. Against this backdrop, we conducted extensive expert calls to obtain insight into the potential regulations. From this work, we are more comfortable that even though new regulations will be instituted, they will most likely be less draconian than feared. Thus the negative share price movement appears to be overdone. However, we are cognizant of the risk inherent in this view, and therefore the position has been sized accordingly at 1.2% of Fund, notwithstanding the significant *potential* upside on offer.

Over the past five years, the Fund has generated a positive return of 11.3% per annum (p.a.), over 10 years a return of 15.9% p.a. and, since inception over 20 years ago, 14.1% p.a. (2.6% annualised outperformance).

The Fund ended the quarter with 79.4% net equity exposure, roughly 2% higher than at the end of March 2021 as we found compelling equity opportunities.

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 that do not compensate for the risk undertaken. We did, however, buy South African bonds in the quarter, which now represent 1.6% of the Fund. Our view on the South African fiscal situation has improved somewhat due to record current account surpluses, driven by buoyant commodity markets, a commitment to structural reform as evidenced by the change in regulations toward private power generation, and the acceptance of a private partner for SAA, coupled with a commitment towards austerity regarding the public sector wage bill. Considering this backdrop, we feel the current yields on offer for SA government bonds are compelling enough to have exposure.

The Fund also has c.2.2% invested in global property: largely Vonovia (German residential). Lastly, the Fund has a physical gold position of 3.2%, a 0.82% holding in AngloGold Ashanti, and a 0.74% holding in Barrick Gold Corp, the largest gold miner globally. The gold price is down approximately 9% in USD year to date, but we continue to hold the position for its diversifying properties in what we characterise as a low visibility world with inflation risks. 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.

As the outlook for the future remains uncertain and hard to predict, we take comfort in the fact that the Fund holds a collection of businesses that we feel are attractively priced and can operate in what we deem a highly complex and fast-changing environment. Also, because the Fund is a multi-asset flexible fund, we have access to additional tools to take advantage of dislocations in the market, with the continued increased equity exposure being an example.

Notable buys/increases in position sizes during the quarter were Delivery Hero and Auto1.

Delivery Hero is an online food delivery business with a leading market share position in markets that account for more than 95% of its gross transaction value, which makes it extremely well placed in a winner takes most or at least oligopolistic industry. 67% of their current gross transaction value comes from Asia, with Korea contributing 53% to the group's gross transaction value. MENA then makes up 20%, with Saudi Arabia the key market. We feel there are material, secular tailwinds for food delivery, with the current penetration of home delivery of takeaway food in Delivery Hero's markets only amounting to 32%, which should materially increase due to the consumer value proposition of home-delivered food. Notwithstanding the business being loss-making at a group level, we are encouraged by the positive economics of their more mature regions, which provides a pathway to future overall profitability. The business is attractive based on our long-term assessment of business value.

Auto1 is the leading online used car platform in Europe, providing a significantly better consumer experience for buying and selling used cars. They also act as a key destination for a fragmented European dealer base from which to buy or sell cars. At 1%, online penetration of used car transactions is extremely low across Europe but is set to rise as an increasing number of consumers become accustomed and willing to purchase a used car online due to the materially improved experienced offered by Auto1 (45% of European consumers are willing to purchase a used car online). They are a first mover, have pan-European exposure (important for the vehicle sourcing) and are founder-led (the founders continue to own 25% of the business). The economics of the business has been improving, and the company is already close to breakeven, notwithstanding heavy investments for growth. We are confident that the long-term economics of the business will be attractive, along with the immense future growth prospects.

Vaccines have continued to roll out across the world, and this should continue in the months ahead, with the hope that we are close to the end of the pandemic and its devasting effects. However, further uncertainty has been brought about due to emerging virus variants. Against this backdrop, we remain positive on the outlook for the Fund, which has been built bottom-up, with a collection of attractively priced assets to provide diversification and achieve the best risk-adjusted returns going forward.

Portfolio managers
Gavin Joubert, Marc Talpert and Suhail Suleman
as at 30 June 2021

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.

BENCHMARK DETAILS

The benchmark used for performance purposes is a composite benchmark consisting of 35% FTSE/JSE Capped All Share Index (CAPI), 35% MSCI All Country World Index (ACWI), 15% All Bond Index (ALBI) and 15% Barclays Global Bond Aggregate (BGBA).

Note that for compliance monitoring purposes, we use the same index as the SA equity component of the composite benchmark, which is the FTSE/JSE Capped All Share Index (CAPI).

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