CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

Fund Information as at 31 December 2021

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

The Global Emerging Markets Flexible [ZAR] Fund aims to give investors access to the best opportunities in emerging equity markets. The fund actively seeks out attractively valued 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 can also invest in cash and bonds, but will remain biased towards shares at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

9/10
Aggressive

Maximum growth/
minimum income exposures

Growth Assets: 100%
Income Assets: 0%

The fund 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 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 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 a minimum of 1.00% and a maximum of 2.40%, depending on the fund's performance, is payable.

If fund performance equals that of the benchmark (after fees and costs), a fee of 1.15% will be charged. We share in 20% of performance above the benchmark, up to a total annual fee of 2.40%. Performance is measured over a rolling 24-month period.

If the fund underperforms the benchmark over any 60-month period, the fee is reduced by 0.15%.

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 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

IAKOVOS MEKIOS
Ptychion (BSc), MIA, IMC, CFA

LISA HAAKMAN
CA (SA), CFA

PAUL NEETHLING
CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	28 December 2007
Fund Class	A
Benchmark	MSCI Emerging Markets Index
Fund Category	Global – Multi-asset – Flexible
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORGLOB
ISIN Code	ZAE000109211
JSE Code	CGEM

CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

CORONATION TRUST IS EARNED™

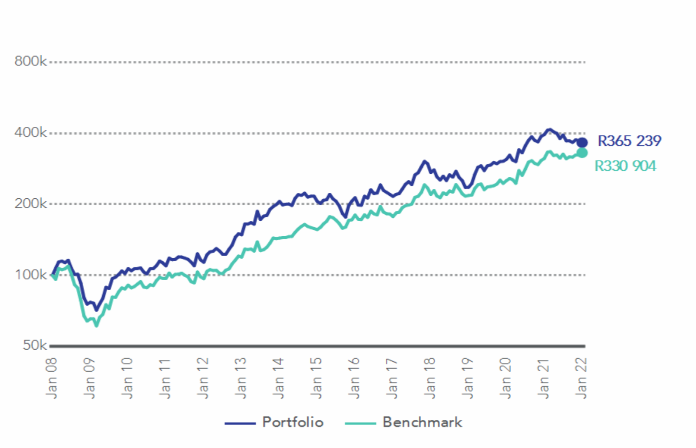
CLASS A as at 31 December 2021

Fund category	Global - Multi Asset - Flexible
Launch date	28 December 2007
Fund size	R 5.99 billion
NAV	353.43 cents
Benchmark/Performance Fee Hurdle	MSCI Emerging Markets Index
Portfolio manager/s	Gavin Joubert, Suhail Suleman, Lisa Haakman, Iakovos Mekios and Paul Neethling

	1 Year	3 Year
Total Expense Ratio	2.08%	1.75%
Fee for performance in line with benchmark	1.15%	1.15%
Adjusted for out/(under)-performance	0.59%	0.28%
Fund expenses	0.08%	0.10%
VAT	0.26%	0.22%
Transaction costs (inc. VAT)	0.16%	0.16%
Total Investment Charge	2.24%	1.91%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark
Since Launch (unannualised)	265.2%	230.9%
Since Launch (annualised)	9.7%	8.9%
Latest 10 years (annualised)	12.4%	13.1%
Latest 5 years (annualised)	11.1%	13.3%
Latest 3 years (annualised)	15.6%	14.9%
Latest 1 year	(7.5)%	5.7%
Year to date	(7.5)%	5.7%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Return	9.7%	8.9%
Annualised Deviation	16.5%	15.1%
Sharpe Ratio	0.17	0.14
Maximum Gain	25.5%	36.4%
Maximum Drawdown	(38.6)%	(44.2)%
Positive Months	56.5%	57.7%
	Fund	**Date Range**
Highest annual return	49.7%	Mar 2009 - Feb 2010
Lowest annual return	(37.5%)	Mar 2008 - Feb 2009

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	31 Dec 2021
Equities	**97.45%**
China	30.30%
Russian Federation	11.14%
South Korea	8.37%
India	7.72%
Brazil	7.08%
Taiwan	6.54%
South Africa	5.52%
Germany	5.01%
France	4.70%
United Kingdom	2.02%
Other	9.03%
Cash	**2.43%**
USD	2.10%
ZAR	0.32%
Other	0.01%
EUR	0.00%
HKD	0.00%
Real Estate	**0.12%**
Brazil	0.12%

TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
Prosus Na (China)	8.2%
Jd.com Inc Adr (China)	7.3%
Taiwan Semiconductor Man (Taiwan)	3.6%
Samsung (South Korea)	3.5%
Housing Dev Finance Corp (India)	3.2%
Anglogold Ashanti Limited (South Africa)	2.8%
Naver Corp (South Korea)	2.7%
Airbus Group Se (France)	2.6%
Magnit Pjsc (Russian Federation)	2.6%
Netease.com Inc (China)	2.5%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2019	01 Oct 2019	1.65	1.63	0.01
29 Mar 2019	01 Apr 2019	0.64	0.63	0.01

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	4.4%	0.6%	(2.2)%	(1.4)%	(5.0)%	3.5%	(5.6)%	0.1%	(1.6)%	2.7%	(1.2)%	(1.6)%	**(7.5)%**
Fund 2020	4.2%	(4.7)%	(1.5)%	12.2%	(2.9)%	7.0%	5.5%	3.7%	(3.6)%	(1.3)%	5.4%	1.8%	**27.3%**
Fund 2019	3.8%	9.1%	7.3%	1.5%	(4.6)%	4.8%	0.6%	2.7%	(1.3)%	2.1%	0.3%	1.9%	**31.3%**

Issue date: 2022/01/13

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 retail class of the Fund.

The Fund returned -0.2% for the quarter (Q4-21), 4.6% behind the benchmark MSCI Emerging Markets Net Total Return Index, which returned +4.41% for the period. For the year as a whole, the Fund returned -7.5%, 13.3% behind the benchmark return of 5.7%. This has been the worst (relative) performance year for the Fund since its inception and we apologise to investors for this underperformance. Whilst a year like this is both unpleasant and uncomfortable, it is also not totally out of line with the Fund's history: in 2018, the Fund was 12.5% behind the market (this was followed by 15.82% outperformance of the market in 2019). In turn, calendar year 2015's 11.5% relative underperformance, was followed by two successive years of outperformance (2.8% p.a. and 2.1% p.a., respectively). Over three years, the Fund has now outperformed the market by 0.8% p.a., over five years it is 2.2% p.a. behind and outperformance since inception stands at 0.8% p.a.

The reasons behind the Fund's sometimes uncomfortable swings in relative performance are multi-fold, with the biggest factors being the high active share, high off-benchmark exposure, a concentrated portfolio (rarely in excess of 100 stocks compared to a 1 600 stock benchmark), and the fact that, given our long-term (five year+ time horizon) valuation-driven approach, we are often invested in a number of companies that are disliked or out of favour. Examples of this today would include JD.com (and China internet more broadly), Magnit and AngloGold (all top 10 positions) as well as several others. Of the 20 largest stock detractors for 2021, two were stocks we don't own that did well (Gazprom and Al Rajhi Bank) and a further two were stocks where our positions were smaller than the benchmark and the stocks did very well, costing us relative performance (Infosys and Taiwan Semiconductor Manufacturing Company. Of the remaining 16 stocks making up the largest 20 detractors, only two have been sold to zero (New Oriental Education and Turkish food retailer BIM). This further illustrates our belief that the long-term outlook for the stocks owned is very attractive.

For Q4-21, the biggest positive contributor to alpha was AngloGold, up 39% for a +55 basis points (bps) contribution to relative performance (stock returns in ZAR throughout unless otherwise specified). Naspers & Prosus contributed +51bps, whilst NetEase (Chinese gaming) contributed +43bps. The final two material positive contributors were Alibaba (Chinese e-commerce and an underweight of a stock that did poorly that is big in the benchmark) and LVMH (global luxury). These contributed a combined +62bps, split fairly evenly.

As one would expect in a very negative quarter, there were several material detractors.

Four of the top detractors were Brazilian stocks. PagSeguro (card acquisition and digital banking), the top detractor, returned -45% in the period and cost 74bps. Sendas, a Brazilian cash and carry retailer and overall the second largest food retailer in the country, was the second largest detractor. The stock returned -28% and cost 70bps of relative performance. XP Inc. (securities broking and wealth management) was the third largest detractor and fell 25% and cost 51bps. Stone (card payment acquisitions) was the next largest detractor, falling 49% and costing 49bps in relative performance. Finally, Yandex (Russian search, ride hailing and general tech) returned -18% and cost 43bps.

Ordinarily we would spend much more of this piece dissecting the drivers of the performance listed above; however, it is more useful to rather look at the year as a whole to understand why the Fund underperformed by such a significant margin. Whilst in summary it was simply a year of poor stock selection, one can break down the drivers of underperformance in 2021 into five categories that all played a role.

1. **China education** The single biggest impact on relative performance came from the Chinese tutoring/education stocks. These cost the Fund around -3.2% of relative performance, mostly concentrated in New Oriental Education (EDU). The key driver here was the government effectively converting the industry into 'not for profit'. This massive regulatory change was unprecedented and more far reaching than we had anticipated.
2. **China Internet** This sector cost the Fund around -1.0% of performance taking into account the performance of the stocks held in this sector (which mostly did poorly) and the stocks not held or underweight (which boosted performance). The Fund has around 24% exposure either directly or indirectly (via a fair share of Naspers & Prosus) to China Internet, reflecting our conviction on the potential opportunity in several names in this sector.
3. **Country weights** The Fund has nothing in Saudi Arabia, a market that was up 36% (in dollars). The Fund also has less in India and Taiwan relative to their benchmark weights as we saw better opportunities elsewhere from a bottom-up perspective. Unfortunately, these markets did very well (up +/- 25% in dollars in 2021) and this cost the Fund relative performance. Some of the stocks we held in India also did not perform as well as the Indian market as a whole, which further exacerbated the underweight. The combined impact of Saudi Arabia, India and Taiwan on the Fund was -5%.
4. **Stocks not owned** The Fund holds less stocks through the cycle compared to a benchmark of over 1 550 stocks. This concentration vs the dilute benchmark is a deliberate part of our process of selecting the best investment opportunities on a risk-adjusted basis within our investment universe. Generally, the stocks we don't own have no material negative impact on performance; often the impact is positive as the bulk of the benchmark does poorly. In 2021, however, these zero weights cost the Fund over 3%. This is an abnormally large amount and proved a difficult headwind to overcome.
5. **Low cyclical sector exposure** Cyclical industries like energy, basic materials, industrials and banks did relatively well in 2021. We typically do not have as much exposure to these stocks relative to their weight in the investment universe as we have a preference for less cyclical assets/"better" businesses. The overall impact on relative performance from having a lot less cyclical exposure was an additional -2% (approximately).

Portfolio activity

There were several new buys in the quarter, with the largest new buy being Petrobras (1.5% of Fund at year end), the Brazilian oil and gas group that trades on 4x free cash flow and offers an extremely attractive 20%+ dividend yield. This very attractive valuation provides some comfort in the event the left-wing former president Lula da Silva returns to power in elections later this year.

The Fund also purchased a 0.9% position in Taiwan-based MediaTek, a well-diversified fabless (design chips but outsource production) semiconductor company. Revenue at MediaTek has grown 19% p.a. cumulatively over last 10 years, in the process making it the fourth largest in the world and largest mobile chip system vendor by volume, overtaking Qualcomm. MediaTek has navigated the evolution of demand for its products very well, with management having steered the company through multiple product transitions from optical disk drivers to TVs, feature phones, smartphones, and others. MediaTek trades on 15x forward earnings and generates ROEs of 25%. With FCF conversion of over 100%, it also offers an attractive 6% dividend yield.

Sales to zero included Barrick Gold, Prudential PLC and Turkish food retailer BIM. In the case of BIM, we took the view that the combination of unpredictable policymaking, a free-falling currency and potential food price caps undermined the conviction in the long-term earnings power of the business to a degree that could not support the continued investment in the company.

Portfolio managers
Gavin Joubert, Suhail Suleman, Lisa Haakman, Iakovos Mekios and Paul Neethling
as at 31 December 2021

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

The Global Emerging Markets Flexible [ZAR] 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. 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 the current financial year (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.