CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

Fund Information as at 31 December 2021

CORONATION

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WHAT IS THE FUND'S OBJECTIVE?

Global Optimum Growth [ZAR] Feeder Fund aims to maximise long-term investment growth by investing in a globally diversified portfolio with exposure to both developed and emerging markets across multiple asset classes. Our intent is to provide competitive after inflation returns over all five-year periods.

WHAT DOES THE FUND INVEST IN?

Global Optimum Growth [ZAR] Feeder Fund 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%

Consequently, it will have a sizeable exposure to shares, which typically offer the best returns over the long run.

Global Optimum Growth [ZAR] Feeder Fund 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 ten 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 developed and emerging markets and accept the possibility of volatility and the risk of short-term losses;
- are comfortable with allowing Coronation a wide degree of discretion, in allowing us to make both the asset and geographical 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

GENERAL FUND INFORMATION

Launch Date	15 March 1999
Fund Class	A
Benchmark	Composite: 35% MSCI World, 35% MSCI EM, 30% 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 GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

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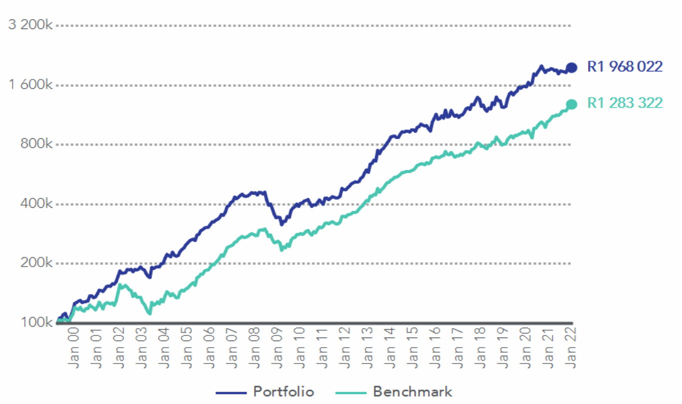
CLASS A as at 31 December 2021

Fund category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R15.59 billion
NAV	15486.50 cents
Benchmark/Performance Fee Hurdle	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
Portfolio manager/s	Gavin Joubert and Marc Talpert

	1 Year	3 Year
Total Expense Ratio	1.89%	1.83%
Fee for performance in line with benchmark	0.96%	0.99%
Adjusted for out/(under)-performance	0.60%	0.56%
Fund expenses	0.10%	0.05%
VAT	0.23%	0.23%
Transaction costs (inc. VAT)	0.14%	0.13%
Total Investment Charge	2.03%	1.96%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE OVER VARIOUS PERIODS (AFTER FEES) (ZAR)

	Fund	Benchmark	Inflation
Since Launch (unannualised)	1868.0%	1183.3%	263.2%
Since Launch (annualised)	14.0%	11.9%	5.8%
Latest 15 years (annualised)	10.9%	11.5%	5.7%
Latest 10 years (annualised)	15.3%	14.0%	5.0%
Latest 5 years (annualised)	12.3%	12.8%	4.4%
Latest 3 years (annualised)	16.7%	16.7%	4.3%
Latest 1 year (annualised)	2.9%	21.1%	5.8%
Year to date	2.9%	21.1%	5.8%
Annualised Deviation	12.4%	10.7%	1.5%
Sharpe Ratio	0.47	0.35	(1.56)
Downside Deviation	6.9%	5.6%	0.7%
Positive Months	64.1%	63.7%	91.2%
	Fund		**Date Range**
Highest annual return	51.1%		Jan 2013 - Dec 2013
Lowest annual return	(31.5%)		Mar 2008 - Feb 2009

PERFORMANCE OVER VARIOUS PERIODS (AFTER FEES) (USD)

	Fund	Benchmark	US CPI
Since Launch (unannualised)	663.1%	398.3%	70.1%
Since Launch (annualised)	9.3%	7.3%	2.4%
Latest 10 years (annualised)	7.7%	6.5%	2.1%
Latest 5 years (annualised)	8.9%	9.4%	2.9%
Latest 3 years (annualised)	12.6%	12.7%	3.4%
Latest 1 year (annualised)	(5.2)%	11.6%	6.6%
Year to date	(5.2)%	11.6%	6.6%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

	31 Dec 2021
Equities	**78.8%**
North America	29.8%
Asia	20.3%
Europe	20.2%
South Africa	7.1%
Latin American	1.4%
Commodities	**3.3%**
Europe	3.3%
Real Estate	**0.6%**
South Africa	0.2%
Europe	0.2%
Latin American	0.1%
Asia	0.0%
Bonds	**4.8%**
South Africa	4.8%
Cash	**12.5%**
USD	9.7%
Other	2.8%
ZAR	0.0%

TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
Prosus Na	5.0%
JD.com Inc Adr	4.2%
Canadian Pacific Railway LTD	3.2%
Anglogold Ashanti Limited	2.6%
Canadian Natl Railway Co	2.4%
Michael Kors Holdings LTD	2.3%
Taiwan Semiconductor Man	2.1%
Centene Corp Del	2.0%
Charter Communication	2.0%
Lvmh	2.0%

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)%	(0.8)%	5.8%	0.6%	(0.6)%	**2.9%**
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: 2022/01/13

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

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

The Fund rose 5.8% in the fourth quarter of 2021 (Q4-21). It was encouraging to see a quarter of strong absolute returns, but the 12-month return of 2.9% was disappointing against a backdrop of buoyant markets. However, we do believe that the collection of assets held by the Fund can deliver compelling long-term risk-adjusted returns to achieve its goal of compounding capital well ahead of inflation. Over the past five years, the Fund has generated a positive return of 12.3% per annum (p.a.), 15.3% p.a. over 10 years and, 14% p.a. since its inception over 20 years ago.

Even though 2021 was a year during which the headline performance of markets was strong, it doesn't tell the full story as a small number of large stocks drove overall market returns. This is best illustrated by the performance of the Nasdaq, which delivered a very strong total return of 27.5% in 2021, but 40% of all companies in the index are trading at 50%, or more, below their 52-week highs. In fact, the Nasdaq's returns have been driven largely by five large cap technology stocks (Apple, Alphabet, Microsoft, Nvidia and Tesla). There has thus been a material market correction in certain pockets of the market, which is being overshadowed primarily by the strong performance of large technology companies.

This market correction has played out mainly in stocks of the companies that are loss-making, had high starting valuations, and are characterised as long duration businesses owing to their terminal value making up the bulk of the business value as opposed to current free cash flow and earnings. We retain a cautious approach to these types of businesses. But at the same time, we are looking for opportunities to emerge in this category due to what can be described as synchronised and indiscriminate selling of all assets that fall into this category.

We continue to focus significant time on China, with the Fund having approximately 15.5% exposure to Chinese assets. We continue to feel these assets are very attractively priced but acknowledge the risks, with consistent work being done to keep abreast of the regulatory environment and its long-term impact on the companies owned by the Fund. Prosus (indirect exposure to Tencent) and JD.com continue to make up more than 50% of the Fund's Chinese exposure and 9% of the portfolio in total.

During the quarter, the largest positive contributors were Capri Holdings (+42%, 0.82% positive impact), AngloGold Ashanti (+39%, 0.67% positive impact), Prosus (+11%, 0.60% positive impact) and Centene (+41%, 0.5% positive impact). The largest negative contributors were Auto1 Group (-36%, 0.34% negative impact), Trip.com (-15%, 0.24% negative impact) and PagSeguro (-48%, 0.21% negative impact).

Auto1 has declined nearly 70% since its IPO in February 2021. The business is involved in the buying and selling of cars by utilising the internet and technology to reduce friction in the consumer experience. Notwithstanding the disappointing stock performance, the business has continued to deliver operationally with their legacy dealer business (C2B) continuing to grow (revenue up 49% in the past year), and their retail (C2B2C) segment powering ahead (units sold up 4.7x and revenue up 412%). This good operational performance has been overshadowed by competition concerns. However, it should be noted that the industry remains highly fragmented, with Auto1 representing only ~1% of the market, with the shift to online car buying still in its infancy. This is a long duration asset, but one that is solving a real problem and dramatically improving the consumer experience, and which we think is attractively valued, with significant potential upside at current levels.

Trip.com is the largest online travel agency in China but still only has a 14% share of the travel market, which continues to shift from offline to online booking channels. Its business has been negatively impacted by the outbound travel market (~30% of group revenue in 2019), effectively being shuttered for nearly two years, along with haphazard lockdowns in China impacting domestic travel. Trip.com has tried to navigate these challenges by investing more in their domestic offerings, which has resulted in them gaining market share as many travel peers have struggled in a tough operating environment. While Chinese outbound travel re-opening is highly uncertain, it should be noted that roughly two-thirds of pre-Covid outbound travel was to Hong Kong and Macau, which could normalise in the not-too-distant future, even if other outbound travel takes much longer to do so. Trip.com has also done a good job in optimising their cost structure and thus should achieve structurally higher margins once revenue recovers to 2019 levels.

PagSeguro is a business in Brazil that initially started out as a disruptive merchant acquirer with a focus on smaller businesses that it enabled to accept non-cash payments. It has since added additional financial service offerings by leveraging the merchant acquiring relationship. They now have a banking licence and are taking deposits, which should create both stickier customer relationships, with the deposit base reducing their funding costs. The share has recently come under pressure due to general macro concerns in Brazil, along with rising interest rates, which negatively impacts the income they earn in certain parts of their business. Notwithstanding these headwinds, the business continues to execute well, with operational results being encouraging, and with them still going after a very large financial services profit pool that is ripe for disruption. The share is down nearly 60% from its peak, yet the fundamentals of the business are largely unchanged, making PagSeguro a very attractive investment in our view.

The Fund ended the quarter with 78.5% net equity exposure, slightly higher than the exposure on 30 September 2021, as we bought attractive stocks selectively.

Our negative view on global bonds remained unchanged as a large portion of developed market sovereign bonds offers negative yields to maturity. The follow-on effect is that most corporate bonds also offer yields that do not compensate for the risk undertaken, and which are increasing due to inflation and rising interest rates. However, we continued to buy South African (SA) government bonds in the quarter, which now represent 4.83% of the Fund. Our view on the SA fiscal situation has improved somewhat which, coupled with the fact that we are receiving a ~10% yield on these bonds, is attractive in our view. Furthermore, considering that inflation within South Africa remains controlled, the real yields on SA government bonds are the highest in the world.

The Fund continues to have a physical gold position of 3.26%, a 2.57% holding in AngloGold Ashanti, and a 0.60% holding in Gold Fields. The gold price finished the year down approximately 3.5% in USD, but we continue to hold the position for its diversifying properties in what we characterise as a low visibility world, with increasingly visible inflation risks. AngloGold Ashanti rebounded somewhat in the quarter as detailed above (+39%) but remains attractive due to the likelihood of operational improvements under the newly-appointed CEO, which should lead to improved business performance, with the business trading on an 8 PE. The balance of the Fund is invested in cash, largely offshore.

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 to be a highly complex and fast-changing environment. Also, because the Fund is a multi-asset flexible fund, we have access to additional tools with which to take advantage of dislocations in the market along with risk control measures such as put options. Current index put option exposure is 6.3% effective and 27.6% nominal as a percentage of the Fund, which will shield the Fund somewhat in the event of a significant drawdown in equity indices.

Notable buys/increases in position sizes during the quarter were ASML and Centene.

ASML is a semiconductor equipment supplier, making lithography machines that are critical to the production of computer chips. It is arguably the most important company for technological innovation as its machines are a key enabler in driving continued semiconductor innovation. They have created a monopoly market position in EUV machines, which are needed to produce leading-edge computer chips. This provides them with significant pricing power, with an EUV machine selling for approximately EUR130m each, with future iterations continuing to increase in price due to the value they provide. Their business is supported by a structural growth trend as the demand for semiconductors remains extremely robust as technology proliferates every aspect of human life. Another unique aspect of ASML's business is revenue visibility due to them being intertwined with their customers and thus having site of their capacity roadmaps. This is reflected in the fact that, at their most recent investor day, they gave scenario guidance to 2030. Near term earnings multiples of ASML are high, but it should continue to grow revenue and earnings at double-digit rates into 2030 whilst generating a return on capital of more than 20% driving a fairly rapid unwinding of the high near-term multiple.

Centene is one of the top five US healthcare insurers (managed care), with a focus on Medicaid in particular (government-sponsored healthcare specifically for lower-income individuals) where it is the #1 player. This business continues to grow structurally as Medicaid spend shifts from fee-for-service (payments directly to service providers) to managed care (payments to companies like Centene). Historically Centene's operational performance has been below par, making them a possible target for a takeout and has also resulted in an activist shareholder becoming involved. This involvement has already resulted in a recent announcement of five new directors to the board. Centene has laid out what they call a 'value creation plan', which details how they will take EPS from around $5.10 in 2021 to around $7.65 in 2024 due to a range of factors, including platform centralisation, operational efficiencies, margin improvement in certain products, share buybacks and debt paydown. If achieved, this will mean earnings growth over the next three years of 14.4% p.a. Centene trades on 14x this year's (2022) earnings, which makes it very attractive in our view given its prospects.

The Omicron variant resulted in renewed worries surrounding Covid-19 and its disruptive effect, but initial data seems to indicate that it is milder but spreads quicker. There remains risk to this view as additional studies are carried out across the world, and thus increasing vaccine coverage remains the best tool to fight Covid-19, especially in lower-income countries that have materially lower vaccination rates, creating a continued risk that further variants develop as the virus continues to spread within communities. Against this uncertain 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 in order to achieve the best risk-adjusted returns going forward in a variety of future scenarios.

Portfolio managers
Gavin Joubert and Marc Talpert
as at 31 December 2021

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IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

The Global Optimum Growth [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. 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% MSCI World Daily Total Net Return Index (MSCI World), 35% MSCI Global Emerging Markets Daily Total Net Return Index (MSCI EM), and 30% Barclays Global Aggregate Bond Total Return Index Unhedged USD (BGBA).

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

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