

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.

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

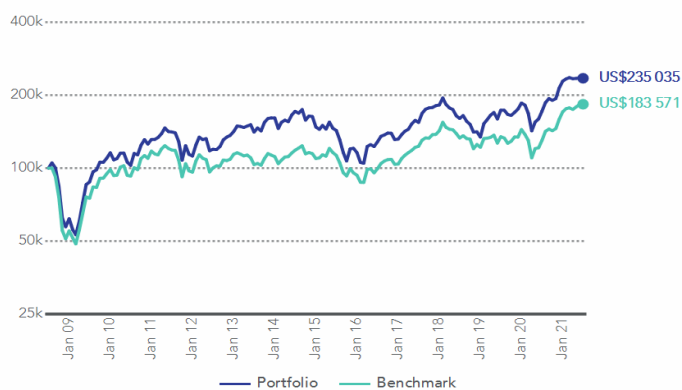
CLASS B as at 30 June 2021

Launch date	14 July 2008
Fund size	US\$ 1.51 billion
NAV	16.73
Benchmark/Performance	MSCI Emerging Markets Index
Fee Hurdle	
Portfolio manager/s	Gavin Joubert and Suhail Suleman

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.34%	1.29%
Adjusted for out/(under)-performance	1.33%	1.28%
Fund expenses	(0.08)%	(0.09)%
VAT	0.09%	0.10%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.16%	0.17%
	1.50%	1.46%

PERFORMANCE AND RISK STATISTICS

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



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	135.03%	83.57%	51.46%
Since Launch (annualised)	6.79%	4.78%	2.01%
Latest 10 years (annualised)	5.23%	4.44%	0.79%
Latest 5 years (annualised)	12.85%	13.03%	(0.18)%
Latest 3 years (annualised)	13.58%	11.27%	2.31%
Latest 1 year	36.78%	40.90%	(4.13)%
Year to date	2.79%	7.45%	(4.66)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	23.2%	21.4%
Sharpe Ratio	0.27	0.20
Maximum Gain	99.4%	56.3%
Maximum Drawdown	(49.5)%	(51.4)%
Positive Months	57.7%	55.8%

	Fund	Date Range
Highest annual return	106.2%	Mar 2009 - Feb 2010
Lowest annual return	(33.6)%	Sep 2014 - Aug 2015

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	2.2%	1.2%	(1.0)%	0.3%	0.6%	(0.4)%							2.8%
Fund 2020	(2.0)%	(7.4)%	(15.4)%	8.7%	3.0%	7.6%	8.5%	4.0%	(1.7)%	1.6%	10.7%	6.6%	23.1%
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%

PORTFOLIO DETAIL

EFFECTIVE GEOGRAPHIC EXPOSURE

Country	30 Jun 2021
Equities	99.40%
China	33.44%
Russian Federation	9.80%
South Africa	9.46%
South Korea	8.93%
India	6.04%
Brazil	6.01%
Taiwan Province Of China	5.23%
Germany	2.98%
France	2.97%
United Kingdom	2.74%
Other	11.79%
Cash	0.60%
USD	0.36%
ZAR	0.27%
Other	(0.03)%

TOP 10 HOLDINGS

As at 30 Jun 2021	% of Fund
Jd.com Inc ADR (China)	7.08%
Naspers Ltd (South Africa)	6.79%
Alibaba Group Holding (China)	4.37%
Samsung (South Korea)	3.85%
Naver Corp (South Korea)	3.44%
Housing Dev Finance Corp (India)	3.26%
Magnit OJSC-spon (Russian Federation)	2.85%
Wuliangye Yibin Co Ltd (China)	2.57%
Tencent Music Entertainment Gr (China)	2.55%
Taiwan Semiconductor Man (Taiwan Province Of China)	2.41%

SECTORAL EXPOSURE

As at 30 Jun 2021	Fund
Consumer Discretionary	37.49%
Consumer Staples	23.10%
Financials	12.86%
Communication Services	12.47%
Information Technology	9.89%
Materials	1.78%
Industrials	1.70%
Cash	0.70%

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

The Fund returned 0.4% in the second quarter, lagging the 5.1% return of the benchmark MSCI Emerging Markets (Net) Total Return Index by 4.6%. This underperformance has reversed the positive start to the year, and the Fund now lags the benchmark over the last year by just over 4%. Although this short-term underperformance is disappointing, we believe some drivers are shorter-term in nature and driven by stock-specific moves, which are discussed below. Over more meaningful long-term periods, the Fund is still well ahead of its benchmark, by 2.3% p.a. over three years, 0.8% p.a. over 10 years and by 2.0% p.a. since inception, just shy of 13 years ago.

The biggest positive contributor to relative performance (alpha) in the quarter was Sendas Distribuidora SA (Sendas). We spoke about Sendas in our last quarterly commentary, when it had been freshly spun out of its previous holding company CBD, with shareholders receiving an equal number of Sendas shares to their CBD shareholding. This was done to better realise value by separating the cash and carry operation of CBD (which became Sendas) from the supermarket, hypermarket and convenience store formats, which remain part of CBD. The cash and carry business was run separately from the other formats, so there were no real gains from having everything under the same roof other than saving a few central costs, which were dwarfed by the poor rating applied to the company as a whole. This transaction has proven to be a spectacular success, with the individual shares Sendas and CBD now (as at 30 June) trading at a combined share price of R\$124 compared to a share price for CBD of R\$71 at the beginning of the year and R\$79 just before the spinoff at the beginning of March. The biggest pickup was in the much-maligned CBD, which has almost doubled in value since the separation (in local currency terms). As a result, we sold out of CBD completely as it reached our assessment of fair value. The Sendas position we retained returned 31.9% in the quarter, contributing 54 basis points (bps) to relative performance.

There were a few other material positive contributors during the quarter. First of these was Momo.com, the leading Taiwanese e-commerce retailer, which almost doubled and contributed 0.4% to alpha. Additionally, the 18% return from global brewer Heineken contributed 0.3% to alpha, whilst the 40% return from Brazilian education stock YDUQS contributed 0.2% to alpha.

The largest negative impact on relative performance came from the decline in the combined Naspers/Prosus position. We hold these stocks in preference to holding Chinese internet firm Tencent as they trade at a significant discount to their look-through value. The Fund holds a large (average 9.0% position in the quarter) position in Naspers & Prosus, and the 12.3% aggregate negative return from these positions had a 1.5% negative impact on relative performance. This was partially offset by not owning Tencent directly as it is the second-largest stock in the benchmark (over 5% weight at quarter-end). With Tencent returning -3.9% in the quarter, this zero Tencent weight contributed a positive 0.5% to relative performance. The correct way to look at the overall impact is to combine the two, and in this case, the combined impact was therefore -1%. This was a direct reversal of the situation that occurred in the first quarter and was caused by the discount to which Naspers and Prosus trade relative to Tencent widening once more. Prosus, which was originally spun out of Naspers to narrow the discount, has announced a scheme to purchase Naspers shares by means of a tender offer. This tender offer is aimed at addressing the discount. Coronation is currently engaged in discussions with Naspers and Prosus in this regard.

The second-largest detractor was the Chinese after school tuition (AST) provider New Oriental Education (EDU). We added to the existing EDU position late in the last quarter after a 25% share price decline so that it had reached a 2.5% position by March quarter-end. Unfortunately, the regulatory news that led to the original share price decline continued to develop negatively, and the share declined substantially further during the latest quarter, costing the Fund 1.4%. EDU is now 55% below the levels it traded at in mid-March. What initially started as a crackdown on payment practices and lax business registration, which we expected to benefit EDU at the expense of less scrupulous operators, morphed into a full-blown review of the tuition industry. There has been much speculation in the press on what this will look like, with the country's president opining that schools should shoulder the majority of the burden in educating children, rather than children relying on AST. There has also been an indication that younger children (K-9 years) should not experience so much pressure so early in their school career as there is already enough pressure later on when the school-leaving "gaokao" exam is taken. The range of outcomes for AST providers is being speculated to include total bans for younger students, a ban on the marketing of AST services and restrictions on offering classes during weekends and/or school holidays. With this range of outcomes, it is not surprising that the share price of EDU and other players have reacted so negatively. It is impossible to know the final outcome with any degree of certainty; however, we have spent a lot of time talking to industry experts and ultimately assessing what each potential regulatory change could do to the earnings power of the listed players and compared this to their current share prices. Each business is slightly different. Some are more online-focused (rather than offline / face to face), and some are more exposed to K-9 versus years 10 through to 12. Each also has a different cost structure and the flexibility to adjust this cost structure varies between them. Overall, we believe that EDU's share price already reflects a fairly dire outcome. The risk/reward is attractive in our view and thus we have kept the position around 2.3% of the Fund. However, we are cognisant of the overall exposure to the sector given the wide range of potential outcomes, and we, therefore, sold out completely from TAL, one of EDU's competitors. TAL, which has higher K-9 exposure, was trading at a higher starting rating, with a lower upside to fair value, and therefore we believed it had more potential to derate significantly in a worst-case outcome.

The next most significant negative contributor was Tencent Music Entertainment. This was also a stock that declined late in the previous quarter and returned a further -24.5% in the latest quarter. This position cost -0.9% of relative performance. Operationally TME is doing well, despite a challenging base in the first quarter of 2020 when China was mostly locked down, which was good for their business. Revenue in the first quarter (Q1-21) was up 24% year on year, with operating profit up 12% and accompanied by great cash generation. The company even bought back roughly \$200m of stock, a rarity among Chinese businesses. The reason for the share price decline is antitrust related. Like most dominant firms in China, TME has attracted attention from Chinese regulators. The first issue relates to exclusive content, which in our view is manageable as only a small part of TME's business today is exclusive. The second is speculation that two previous acquisitions (Kuwo and Kugou) may not have been properly approved by the authorities prior to their acquisitions being consummated. The potential remedies ranged from a fine to a forced unwind of these deals. Our research suggests the "nuclear" option of a forced unwind has roughly been reflected in the halving of the share price since it peaked in March. The forced sale of Kuwo and/or Kugou would, of course, result in corresponding proceeds to TME and would still leave QQ Music (the original music app before the acquisitions) having around 35% market share, which is the approximate market share held by Spotify (the Global #1 and #1 in most countries) in most of its markets.

The last material detractor was JD.com (JD), which returned -5.5% in the quarter and cost the Strategy -0.5% alpha. JD is the second-largest e-commerce retailer in China, with 500m customers reported at the end of March compared to 387m in the comparable period a year ago, with management aiming to gain a further 100m in the year ahead. Customer growth has been driven by greater assortment and improvements in fulfillment. Their incredible logistics arm employs 200,000 people and has more than 1,000 warehouses, giving them almost complete geographical coverage of this massive country - all within their own control. More than 90% of orders are delivered either the same day or the next day. Customer loyalty is most evident when looking at purchase frequency and spend, which have increased four-fold and five-fold respectively since 2015.

JD has been effective in incubating new business units, with the most notable being JD Logistics (described above) and JD Health (an online health platform). Both have been separately listed successfully, with the holding company retaining 64% ownership in JD Logistics and 69% ownership in JD Health. This dynamic is important to consider when thinking about the implied valuation for the core retail business. The entire group has a market value of \$118bn but the market value of their listed stakes (\$50bn), together with the most recently reported net cash (\$19bn), means the market values the retail arm at only around \$50bn. The core retail business should generate \$135bn in revenue this year at a 4% EBIT margin. We believe this margin is well below normal, which could potentially be high single digits. If you apply a conservative 6% EBIT margin and the statutory 25% tax rate, the core retail business trades on less than 9x earnings for this year. Even at the current 4% margins, the multiple is only 12x earnings for a company growing topline at 20%

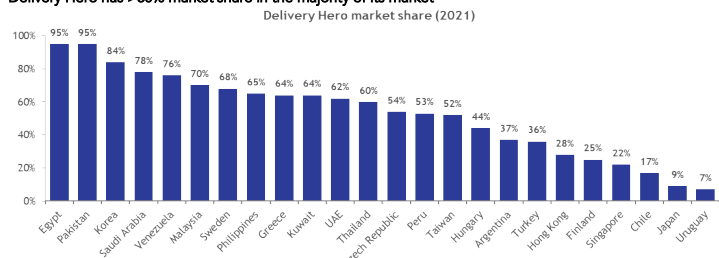
p.a. This analysis ignores other balance sheet investments that they have, namely, JD Technology (fintech and cloud) and JD Property, which is increasingly housing their physical logistics assets off balance sheet by bringing in capital partners.

A final point worth considering is that the increased scrutiny of the technology sector in China could potentially benefit JD's retail business. They have historically been hurt by "pick one" tactics, whereby a brand that sells on multiple platforms is penalised on Alibaba's platforms. These tactics have resulted in JD having an inferior assortment for some key categories, such as fashion and beauty products. With the banning of these tactics by the regulators, merchants have been free to sell all products on all platforms, which should further improve the customer value proposition. The share is down around 25% from its peak in mid-February this year and offers around 100% upside to fair value, in our view. This is extremely attractive in both absolute and relative terms, and JD is thus a 7.1% position in the Fund.

There were two new buys in the quarter, Delivery Hero (1.5% of the Fund) and Anglo American (1.0% of the Fund). Anglo American (AGL) was purchased for both valuation and diversification reasons. The Fund has little commodity exposure at a time where demand is generally more than supply and prices are rising as a result of this mismatch. Unlike the 2007 period, where miners were trading at high ratings (multiples) on unsustainably high earnings, ratings today are generally quite reasonable, even if spot commodity prices are at the higher end of their normal range. In the case of AGL, the company trades at around 6.5x 12-month forward earnings and offers a 7% dividend yield. Importantly, it trades at less than 11x earnings if its key commodities were to return to our assessment of normal prices. In previous commodity booms (most notoriously in the run-up to 2007), miners blew all their profits on massive expansion projects that ultimately caused prices to tank, or they bought each other out at astronomical valuations only to see share prices fall later in tandem with commodity prices. This time around, behaviour has been more disciplined, so it is less likely this mistake will be repeated. From an ESG perspective, AGL has no direct oil exposure and have spun out their coal assets to shareholders, leaving shareholders with platinum group metals (PGMs), iron ore, diamonds and copper making up more than 90% of profits.

The other new buy, Delivery Hero (DH), is a food delivery business. While it is listed in Germany, it derives the majority of its revenue (>80%) from emerging markets. DH has the number one market position, accounting for 95% of its Gross Merchandise Value (GMV), the best measure of the value of transactions taking place on its platform. This is important as substantial network effects between restaurants, customers and delivery drivers come with a market-leading position. On-demand delivery of food, groceries and other goods is underpenetrated in emerging markets, and substantial tailwinds are driving further growth. People place orders with DH, and these are fulfilled either by their own delivery fleet or by the restaurant's delivery personnel. With the passage of time, more and more will be moving their own delivery fleet, which will give DH higher commission and delivery fees. The business is already profitable in its mature markets and is improving profitability in its other markets. With its recent acquisition of Woowa, South Korea is now half the business by GMV, but profitability is quite depressed there currently due to a very strong offering from competitor, Coupang Eats. DH trades at an undemanding valuation of less than 1x Enterprise Value (market capitalisation plus net debt) to GMV.

Delivery Hero has >50% market share in the majority of its market



Source: Bernstein and Aptopia analysis

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

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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