CORONATION OPTIMUM GROWTH FUND

Fund Information as at 31 March 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

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 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 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 March 2021

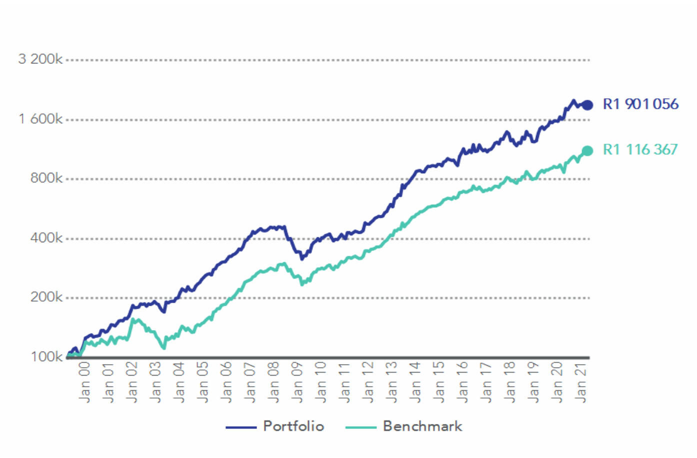
CORONATION
TRUST IS EARNED™

Fund category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R13.75 billion
NAV	14959.54 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%	1.75%
Fee for performance in line with benchmark	1.00%	0.00%
Adjusted for out/(under)-performance	1.00%	0.00%
Fund expenses	0.07%	0.00%
VAT	0.30%	0.00%
Transaction costs (inc. VAT)	0.11%	0.00%
Total Investment Charge	2.48%	1.75%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2021
Equities	**78.1%**
North America	26.4%
Europe	20.9%
Asia	13.9%
South Africa	8.3%
United Kingdom	6.2%
Latin American	2.3%
Middle East	0.1%
Bonds	**1.0%**
North America	0.5%
South Africa	0.3%
Europe	0.1%
Latin American	0.1%
Cash	**15.6%**
USD	11.6%
Other	3.0%
ZAR	1.0%
Commodities	**3.4%**
Europe	3.4%
Real Estate	**1.9%**
Europe	1.0%
North America	0.3%
South Africa	0.3%
Asia	0.2%
Latin American	0.1%

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

	Fund	Benchmark	Inflation
Since Launch (unannualised)	1801.1%	1016.4%	249.1%
Since Launch (annualised)	14.3%	11.6%	5.8%
Latest 15 years (annualised)	12.3%	12.0%	5.6%
Latest 10 years (annualised)	16.2%	13.3%	5.0%
Latest 5 years (annualised)	11.1%	9.7%	4.4%
Latest 3 years (annualised)	17.1%	13.4%	4.0%
Latest 1 year (annualised)	15.4%	28.5%	3.2%
Year to date	(0.6)%	5.4%	1.7%
Annualised Deviation	12.4%	10.9%	1.5%
Sharpe Ratio	0.49	0.30	(1.64)
Downside Deviation	7.0%	5.6%	0.7%
Positive Months	64.8%	63.3%	90.9%

	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 31 Mar 2021	% of Fund
Naspers Ltd	3.9%
JD.com Inc Adr	3.2%
Alphabet Inc	2.6%
Facebook Inc.	2.3%
Alibaba Group Holding	2.2%
Microsoft Corp	2.2%
Visa Inc	2.1%
Philip Morris Int Inc	2.1%
Heineken Holdings NV	1.9%
The Walt Disney Co.	1.9%

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

	Fund	Benchmark	MSCI ACWI
Since Launch (unannualised)	695.4%	367.7%	282.1%
Since Launch (annualised)	9.9%	7.3%	6.3%
Latest 10 years (annualised)	7.5%	4.8%	10.1%
Latest 5 years (annualised)	10.9%	9.5%	13.2%
Latest 3 years (annualised)	8.6%	5.3%	12.1%
Latest 1 year (annualised)	39.5%	55.3%	54.6%
Year to date	(1.2)%	4.8%	4.6%

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)%										**(0.6)%**
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%**

The Fund declined 0.64% in the first quarter of 2021 (Q1-21), compared with a benchmark return of 5.38%, which resulted in 6.02% underperformance for the period. The main driver of the benchmark performance has been the JSE's strong equity returns off a low base (Capped SWIX up 54.2% over the past 12 months), 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.

After strong alpha generation over the past three years (3.6% per annum), it is disappointing to have underperformed both in Q1-21 and over the last 12 months. Notwithstanding this short-term relative underperformance, we are pleased with the Fund's absolute return of 15.4% delivered over the last 12 months. While one can expect the Fund to underperform its benchmark in the short term, we remain focused and excited that the Fund is well-positioned to achieve outperformance over the long term.

Volatility remains high across the markets as Covid-19 vaccines roll out across the world, with large disparities between both overall population vaccination rates and the speed at which rollouts are happening. This will most likely result in a disjointed normalisation experience across geographies, a complex reality for a globalised interconnected world.

Short-term visibility remains a challenge, and we expect this to continue to drive volatility. The largest positive contributors in the quarter were Naspers (+15%, 0.49% positive impact on Fund performance), Alphabet (+20%, 0.45% positive impact) and Tencent Music Entertainment (+10%, 0.35% positive impact). The Fund incurred unrealised losses on a collection of put option and short index positions that provided valuable protection historically but detracted from performance this quarter due to a buoyant market. Collectively, these put options and short index positions had a 0.7% negative impact during the quarter; however, they continue to provide the Fund with protection should there be a market selloff. Outside of this, the other notable negative detractors were Unity Software (-34%, 0.38% negative impact on Fund performance), our physical gold position (-9%, 0.34% negative impact) and the London Stock Exchange Group (0.28% negative impact).

Over the past five years, the Fund has generated a positive return of 11.1% per annum (p.a.), over 10 years, a return of 16.2% p.a. and, since inception over 20 years ago, 14.3% p.a. (2.7% annualised outperformance).

The Fund ended the quarter with 77.8% net equity exposure, roughly 5% higher than at the end of December 2020 as we found compelling equity opportunities.

Our negative view on global bonds remained unchanged as a large portion of developed market sovereign bonds offers negative yields to maturity, with the follow-on effect that most corporate bonds also offer yields that do not compensate for the risk undertaken. Only 1% of the Fund is invested in bonds, which is largely made up of a 0.51% position in L Brands (owner of Victoria's Secret) corporate bonds.

The Fund also has circa 1.85% invested in global property: largely Vonovia (German residential). Lastly, the Fund has a physical gold position of 3.4%, a 1% holding in AngloGold Ashanti, and a 0.8% holding in Barrick Gold Corp, the largest gold miner globally. The gold price is down approximately 13% in US dollars year to date, but we continue to hold the position for its diversifying properties in what we characterise as a low visibility world. The balance of the Fund is invested in cash, primarily 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.

The markets remain volatile as the Covid-19 pandemic continues to cause disruption around the world, with various governments responding in different ways and some achieving rapid success in their vaccination drives while others are faltering. This will potentially result in a world where the paths to normalisation worldwide are quite different, which can continue to create a disruptive operating environment for many businesses. However, the pandemic will only end when the world is vaccinated at an individual country level, and thus notwithstanding real issues surrounding equitable access to vaccines, there is hope that access improves in the coming months. This future scenario however still has many unknowns associated with it, creating an environment characterised by uncertainty and disruption.

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 increased equity exposure being an example.

Notable buys/increases in position sizes during the quarter were Nintendo, Porsche and Vinci.

Nintendo is a gaming company founded in 1889 as a Japanese playing card business but moved into video games in 1977. They have a long history of releasing successful video game titles, and they own leading franchises such as Super Mario, The Legend of Zelda, Animal Crossing and Pokémon. Nintendo creates both the games and the hardware on which these games are played, which have often driven innovation in the gaming hardware space. The company is obsessed with quality and, as such, have been slower than peers to monetise their world-class intellectual property (IP). This provides them with a significant opportunity, and there have been some positive indicators that the business will take advantage of this opportunity. The business's new CEO (since 2018) appears more flexible and willing to open monetisation avenues compared to his predecessors, and this approach is evidenced by their more aggressive moves into films, theme parks and mobile games – all important monetisation touchpoints for their IP. We believe the business is under-earning versus its long-term potential and currently trades on 17x our estimate of 2022 earnings, which should continue to grow at a high single-digit rate and is further supported by an approximately 3% dividend yield.

Porsche is a holding company, with its major assets being its 53% ownership in VW common stock, the carmaker. VW is the second-largest auto manufacturer globally and owns brands such as VW, Audi, Porsche and Lamborghini. We are positive on VW's underlying business, with a key element of the investment case being their transition from an internal combustion engine auto manufacturer to an electric engine auto manufacturer. Management is confident that in this transition, notwithstanding huge investments ($86 billion between now and 2025), electric vehicle sales growing in the mix will not be dilutionary to margins and based on our FY2022 estimates of free cash flow, VW is trading on an approximate 8% free cash flow (FCF) yield. Porsche is then trading at a 24% discount to its shareholding in VW, which we don't believe is fundamentally justified.

Vinci is one of the world's largest concessionaires and construction contracting companies. They own irreplaceable, high-quality toll roads (with a non-commuter focus) with high visibility due to the long-term nature of the concession contracts. They then also operate a collection of airports, which are currently under pressure due to the travel disruption caused by Covid-19, but which we believe are still attractive assets that should rebound and be supported by the continuing structural growth trend of leisure travel. Finally, they have a highly efficient and risk control obsessed building contracting business that contributes 80% of group revenue but 24% of net income. More recently, they have acquired a business that gives them exposure to renewal energy concessions expected to grow rapidly in the future. Due to the nature of their customer contracts, it is a business that should deliver highly visible earnings and FCF driving healthy double-digit total shareholder returns in hard currency, which is attractive, especially considering the inflation-linked nature of earnings.

As vaccines roll out across the world (with initial real-world data indicating they are working well to reduce the hospitalisation and fatality risks associated with Covid-19), there is reason to be optimistic that the devasting effects of the pandemic are closer to ending. However, there remains uncertainty as to when the entire world reaches a level of vaccination that allows life to return to normal. However, against this backdrop, we remain positive on the Fund's outlook, 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.

Portfolio managers
Gavin Joubert, Marc Talpert & Suhail Suleman
as at 31 March 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.

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 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.