CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

Fund Information as at 30 November 2021

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

Global Managed seeks to balance long term real returns and the risk of loss by investing in a range of listed asset classes around the world. Our intent is to outperorm an equity-biased benchmark over all five year periods

WHAT DOES THE FUND INVEST IN?

Global Managed will have a bias towards shares, but can invest in a variety of assets including listed property, bonds and cash. The fund primarily invests in developed economies (including the US, Europe and Japan) but is also mandated to invest in emerging markets.

The intent is to keep the fund fully invested in foreign assets at all times. 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

6/10
Moderate

Maximum growth/ minimum income exposures

- **Growth Assets: 100%**
- **Income Assets: 0%**

Global Managed aims to balance long-term real returns and the risk of loss. The fund will be have a sizeable exposure to shares, which typically offer the best returns over the long run.

Global Managed 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.

This feeder fund aims to remain fully invested in units in the Global Managed Fund, which is domiciled offshore. The only other assets that will be held at feeder fund level are local and foreign cash holdings for liquidity purposes.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

An investment term of more than five years is recommended.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- seek a single international investment that will give them access to some of the best opportunities around the globe;
- require a fund which balances long-term real returns and the risk of loss;
- do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% is payable.

Of the annual fee, 0.40% is collected at feeder fund level, while the balance of the fee is collected in the master fund.

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 fund costs.

We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

NEIL PADOA
BEconSci (AcSci), FFA, CFA

HUMAIRA SURVE
BScEng, MBA, CFA

LOUIS STASSEN
BSc, BCom (Hons), CFA

GENERAL FUND INFORMATION

Launch Date	29 October 2009
Fund Class	A
Benchmark	60% MSCI All Country World Index and 40% Barclays Global Bond Aggregate
Fund Category	Global – Multi-asset – High Equity
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COGLMAZ
ISIN Code	ZAE000139721
JSE Code	COGM

CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

CLASS A as at 30 November 2021

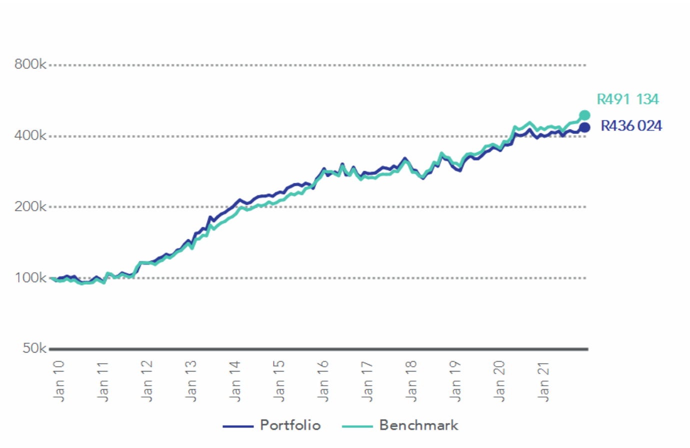
CORONATION
TRUST IS EARNED™

Fund category	Global - Multi Asset - High Equity
Launch date	29 October 2009
Fund size	R 8.71 billion
NAV	429.46 cents
Benchmark/Performance Fee Hurdle	Composite: 60% MSCI All Country World Index & 40% Barclays Global Bond Aggregate
Portfolio manager/s	Neil Padoa, Humaira Surve and Louis Stassen

	1 Year	3 Year
Total Expense Ratio	1.39%	1.40%
Fund management fee	1.25%	1.25%
Fund expenses	0.08%	0.09%
VAT	0.06%	0.06%
Transaction costs (inc. VAT)	0.08%	0.10%
Total Investment Charge	1.47%	1.50%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Nov 2021
Equities	58.2%
Infrastructure	5.4%
Property	1.9%
Convertible Bonds	1.6%
High Yield Bonds	5.5%
Commodities	8.1%
Merger Arbitrage	3.4%
Hedged Equity	2.6%
Fixed Income	9.7%
T-Bills	4.0%
Inflation break-evens	1.9%
Investment Grade	3.8%
Cash	3.7%

RISK AND RETURNS VS BENCHMARK (AFTER FEES) (ZAR)

	Fund	Benchmark
Since Launch (unannualised)	336.0%	391.1%
Since Launch (annualised)	13.0%	14.1%
Latest 10 years (annualised)	14.1%	15.5%
Latest 5 years (annualised)	9.1%	12.6%
Latest 3 years (annualised)	13.5%	16.9%
Latest 1 year	7.2%	12.8%
Year to date	9.0%	14.9%

TOP 10 HOLDINGS

As at 30 Sep 2021	% of Fund
Alphabet Inc	2.9%
Jd.com Inc Adr	2.8%
Charter Communication A	2.7%
Prosus Na	2.6%
Vinci Sa	2.2%
Visa Inc	2.2%
Philip Morris Int Inc	2.1%
Facebook Inc.	2.1%
Airbus Group Se	2.1%
Canadian Pacific Railway Ltd	1.8%

RETURNS VS BENCHMARK (AFTER FEES) (USD)

	Fund	Benchmark
Since Launch (unannualised)	113.3%	141.4%
Since Launch (annualised)	6.5%	7.6%
Latest 3 years (annualised)	8.1%	11.7%
Latest 1 year (annualised)	3.1%	9.8%
Year to date	0.4%	6.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.2%	12.2%
Sharpe Ratio	0.48	0.62
Maximum Gain	22.7%	24.8%
Maximum Drawdown	(17.7)%	(14.0)%
Positive Months	61.4%	62.1%

	Fund	Date Range
Highest annual return	48.9%	Jan 2013 - Dec 2013
Lowest annual return	(7.7%)	Apr 2017 - Mar 2018

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	1.2%	2.8%	(0.6)%	1.7%	(4.6)%	3.8%	1.4%	(1.5)%	(0.1)%	4.2%	0.7%		**9.0%**
Fund 2020	5.8%	(0.3)%	0.9%	10.7%	(1.7)%	0.1%	1.7%	4.1%	(5.1)%	(3.0)%	3.4%	(1.7)%	**14.8%**
Fund 2019	(1.3)%	8.6%	3.9%	2.5%	(2.9)%	0.2%	3.0%	3.8%	1.0%	3.2%	(0.8)%	(2.0)%	**20.2%**
Fund 2018	(0.9)%	(4.9)%	(2.5)%	4.7%	1.1%	8.6%	(2.0)%	11.2%	(3.7)%	(0.8)%	(6.1)%	(2.8)%	**0.3%**
Fund 2017	0.2%	0.5%	2.8%	2.6%	(0.7)%	(1.0)%	3.2%	(2.0)%	4.6%	5.2%	(4.3)%	(6.4)%	**3.9%**

Issue date: 2021/12/09

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 US dollar retail class of the Fund. The feeder Fund is 100% invested in the underlying US dollar Fund. However, given small valuation, trading and translation differences for the two Funds, investors should expect differences in returns in the short term. Over the long term, we aim to achieve the same outcome in US dollar terms for both Funds.

Equity markets declined by 1% over the third quarter, with a weak September (down approximately 4%) ending a strong run of consecutive positive monthly gains since February this year. The global bond market was down by a similar amount (0.9%), bringing the year-to-date decline to -4%. Despite these price declines, the US 10-year Treasury bond yield is still low, at around 1.5%.

The Fund underperformed over the quarter, declining 5.2%. The return for the last year is a more satisfactory 13.1%, albeit 2.3% behind the benchmark. Over five years, the Fund has returned 6.6% p.a. (2.4% behind), and over 10 years has returned 7.8% p.a. (0.4% behind).

For the quarter, cash and commodity holdings were the primary contributors to return, while the Fund's equity holdings, specifically those positions exposed to China, were the primary detractors. Since November last year, various regulatory changes and investigations have been announced and carried out in China. It is likely that these changes are indicative of a more intrusive regulatory regime going forward, but the impact will vary by sector. Some of these regulations have similar objectives to regulations that are commonplace elsewhere globally, aimed at promoting fair competition, protecting consumers and safeguarding data. We think the intrusiveness of the various regulators and the resultant uncertainty has raised the hurdle rate for investing in China. But over the long term, we think China will remain a country with significant investment opportunities. We used the dislocations in the market to re-orient the portfolio to those businesses on the right side of regulatory change or where good businesses suffered price declines that meaningfully overshot our assessment of the regulatory risk. To do justice to this important topic, we will provide a comprehensive discussion on what has happened and our views in an upcoming *Corospondent* article.

Netflix was a top contributor to performance in the third quarter. Netflix is the world's largest paid streaming video platform, with over 200m subscribers worldwide. The company, led by visionary founder Reed Hastings, is extremely innovative and has shown the ability to disrupt itself to stay ahead of a dynamic market on numerous occasions – pivoting from rented DVDs to streaming in 2007, launching its first Netflix Original in 2013, and, more recently, its move into gaming, which we believe will bring significant benefits to already strong engagement metrics.

Netflix offers an unrivalled combination of global content production capabilities and distribution reach, giving it the ability to make and break great shows and movies around the world. The company has proven that good stories resonate globally, as evidenced by hit shows such as Narcos, Lupin or recent phenomenon Squid Game, and Netflix Originals now dominate its Top 10 viewing lists.

Netflix has long been considered the disruptor of the traditional pay-tv bundle. However, we still see a significant growth runway, driven by latent pricing power and strong subscriber growth in international markets. The US home market is often labelled mature, but we believe Netflix's pricing power is under-appreciated. Over 70m US households are still paying around $100 per month for a traditional pay-tv bundle. Against this backdrop, Netflix is an absolute steal, with an ARPU (average revenue per user) of $14.50 per month, and it will continue to be a beneficiary of accelerating pay-tv declines in its core market for years to come.

Netflix is no longer without streaming competition, but we consider it well-placed to be the streaming anchor in households around the world. With continued strong tailwinds from the global disintermediation of the pay-tv bundle, its subscriber base could double over the medium term, with above-inflation price increases. We expect earnings growth of over 25% per year over the medium term, with the company set to generate significant free cash flow going forward, as content costs begin to moderate off a massive $17bn base after years of accelerated investment. The Fund increased its position at prices below $500 earlier this year.

The Fund's aggregate exposure to North American railroads detracted from returns in the quarter. While we haven't discussed these investments in detail previously, our initial research work into the stocks dates back to 2012, where the first internal research note on Union Pacific began: "*UNP has a strong, defendable moat, an ongoing pricing opportunity, and an inherent cost advantage relative to its substitute, trucking. At the current share price, the risk/reward is in one's favour*".

It's quite remarkable how enduring the core of this investment thesis has proved. In many ways, today, nine years later, the investment case is largely unchanged.

The North American rail industry comprises three duopoly rail networks and one network traversing from Kansas City to Mexico. These assets cannot be replicated, form an important part of the North American supply chain backbone, and have a measure of pricing power that has allowed them to price in excess of their cost inflation over time. Management teams are shareholder-oriented. Over the past few years, there have been several developments in the industry that we think create an opportunity for these to be good investments over the next five years.

Firstly, CSX and Union Pacific, two of the US railroads, embarked on a new system of managing the railroads called Precision Scheduled Railroading, which emphasises moving cars through the network in a scheduled, point-to-point manner as opposed to the old hub-and-spoke model. This improved network throughput, lowered operating costs, increased the network's physical capacity, and improved the responsiveness of the rails, as demonstrated by limited margin compression during the volume downturn in the second quarter of last year. The improved service levels enabled by PSR will help the rails take market share from trucking over time. Historically, trucks have achieved over 90% of deliveries on time compared to 50-60% for rail. The gap has reduced significantly, with CSX claiming to have been on par with trucking in 2019.

Secondly, Covid-19 decimated the economy last year and, as mobility improves, we expect economic growth to pick up. However, as we stand today, inventory levels in the economy are below normal and global supply chains are stuttering. The railroads will be critical to getting inventory levels back to a normal level so that the economy can begin operating more smoothly. This should drive solid volume growth for the rails.

Thirdly, the rails compete with trucks over shorter haul lengths and for certain commodities. Currently, the truck market is facing driver and truck shortages, resulting in high truck prices. This has created an environment for the rails to achieve healthy pricing.

Given the above points, we think the US rails are well-positioned to generate low-double-digit free cash flow per share growth, with an attractive starting valuation. Union Pacific is trading at a free cash flow yield close to that of the market, and we think it is an above-average business with better growth prospects over the next five years and above-average prospects in the case of surprise inflation. Canadian Pacific has, arguably, the best management team in the North American rail industry and is in the process of merging with Kansas City Southern, the Mexican railroad. The combined railroad can offer more efficient single-line service instead of having to interchange, the reliability of which we believe will be highly valued by shippers. Both seemingly have been impacted by concerns related to supply chain issues. In time, the supply chain will untangle, and the rails will be important in supporting this.

At quarter-end, the Fund was positioned with 72.0% in growth or risk assets comprised of the following:

- 55.4% effective equity
- 2.1% in property
- 5.9% in infrastructure
- 8.5% in high-yield credit

The remaining 28% of the Fund is invested in either more stable assets or diversifying assets, which we think have a lower correlation to equities:

- 7.5% in commodities
- 1.8% in inflation-linked bonds
- 6.9% in absolute return
- 11.8% in investment-grade fixed income

As highlighted in prior commentaries, we continue to feel the fundamental diversification evident in this portfolio construction, with an intentional tilt towards inflation protection at the expense of nominal government bonds, is both more appropriate and more robust than that of the Fund's benchmark, which includes a 40% weighting to global bonds. In addition, certain sectors of the equity market have suffered price dislocations, leaving us more optimistic about potential prospective returns.

Thank you for your continued support and interest in the Fund.

Portfolio managers
Neil Padoa, Humaira Surve and Louis Stassen
as at 30 September 2021

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

The Global Managed [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. A feeder fund invests in a single fund of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund. The 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 Investment Management International (Pty) Ltd (FSP45646), 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.