CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

Fund Information as at 30 November 2021

CORONATION
TRUST IS EARNED™

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 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

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

CLASS A as at 30 November 2021

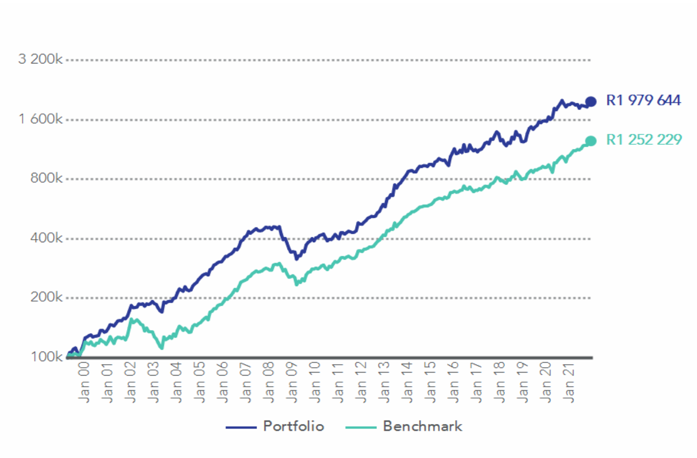
CORONATION
TRUST IS EARNED™

Fund category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R15.68 billion
NAV	15577.95 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)	1879.6%	1152.2%	261.8%
Since Launch (annualised)	14.1%	11.8%	5.8%
Latest 15 years (annualised)	11.1%	11.4%	5.6%
Latest 10 years (annualised)	15.3%	13.6%	5.0%
Latest 5 years (annualised)	11.8%	12.2%	4.4%
Latest 3 years (annualised)	16.8%	16.2%	4.1%
Latest 1 year (annualised)	3.6%	19.8%	5.6%
Year to date	3.5%	18.2%	5.4%
Annualised Deviation	12.4%	10.8%	1.5%
Sharpe Ratio	0.48	0.34	(1.57)
Downside Deviation	7.0%	5.6%	0.7%
Positive Months	64.3%	63.6%	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)	670.3%	387.9%	6.88%
Since Launch (annualised)	9.4%	7.2%	2.3%
Latest 10 years (annualised)	7.8%	6.3%	2.1%
Latest 5 years (annualised)	9.1%	9.5%	2.8%
Latest 3 years (annualised)	11.6%	11.0%	3.1%
Latest 1 year (annualised)	0.9%	16.6%	6.4%
Year to date	(4.3)%	9.3%	5.8%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Nov 2021
Equities	**76.2%**
North America	28.7%
Europe	20.3%
Asia	17.9%
South Africa	8.0%
Latin American	1.3%
Commodities	**3.4%**
Europe	3.4%
Real Estate	**0.8%**
South Africa	0.3%
Asia	0.2%
Europe	0.2%
Latin American	0.1%
Bonds	**4.7%**
South Africa	4.7%
Cash	**15.0%**
USD	12.7%
Other	2.3%
ZAR	0.0%

TOP 10 HOLDINGS

As at 30 Sep 2021	% of Fund
Prosus Na	5.0%
JD.com Inc Adr	3.3%
Canadian Pacific Railway LTD	2.3%
Heineken Holdings NV	2.2%
Alphabet Inc	2.2%
Magnit Ojsc-Spon	2.2%
Mercari Inc	1.9%
Canadian National Railway Co	1.9%
Michael Kors Holdings LTD	1.9%
Visa Inc	1.8%

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%		**3.5%**
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: 2021/12/09

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

The Fund declined 1.8% in the third quarter of 2021 (Q3-21). The continued underperformance of the Fund is disappointing. 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. Over the past five years, the Fund has generated a positive return of 10.2% per annum (p.a.), over 10 years a return of 15.5% p.a. and, since inception over 20 years ago, 13.9% p.a. (All returns in ZAR)

We continue to challenge our assumptions relating to the investments held, and through this exercise, we feel the Fund is holding a collection of incredibly attractive assets. This is most notable regarding the Chinese companies which the Fund holds, which have been the primary contributor to the more recent underperformance. While the regulatory backdrop in China has undoubtedly changed negatively, and the risk premium associated with Chinese assets has gone up, it remains critical to assess the prospects of each company we own from a bottom-up basis and consider valuation.

The Fund has about 14.5% exposure to Chinese assets, with just under 50% of this exposure concentrated in two assets, namely JD.com and Prosus (indirect exposure to Tencent).

JD.com is a business that should benefit from regulatory changes due to the ending of "pick one" tactics employed by competitors, which ultimately resulted in merchants having to choose only one eCommerce platform to sell on, which negatively impacted JD's assortment and overall customer value proposition. As merchants begin to sell on multiple eCommerce platforms, JD should benefit as their assortment improves, driving their expectation of adding more than 100m customers in 2021 from a starting base of 472m. JD are also well positioned due to their extensive owned fulfilment network, which spans more than 1 200 warehouses covering 23 million sqm of space, supported by 200 000 delivery personnel, allowing them to deliver 90% of their packages either on the same day or next day post a customer order. We estimate that the retail business is currently trading on a 12 PE multiple while still generating well below normal profit margins, making the valuation particularly compelling.

Prosus holds a 29% stake in Tencent, which currently represents 138% of its market capitalisation, which doesn't take into account the other non-Tencent assets, which in our view are underappreciated by the market and represent another 34% of Prosus's current market capitalisation based on our assessment of their value. Then, when you consider that Tencent has an investment portfolio of $210 billion that accounts for 38% of its current market capitalisation, coupled with a diversified business spanning games, social networks, fintech and cloud, which are all at different levels of maturity, we feel that notwithstanding the regulatory headwinds facing Tencent's business, they are still well placed to deliver both double-digit revenue and profit growth over the next few years. Our estimate of the look-through Tencent one-year forward PE multiple by owning the asset via Prosus is 9x, which we feel is extremely attractive.

During the quarter, the largest positive contributors were Magnit (+22%, 0.48% positive impact), Aspen (+69%, 0.44% positive impact), Alphabet (+16%, 0.41% positive impact) and Netflix (+21%, 0.32% positive impact). The biggest negative contributors were Tencent Music Entertainment (-50%, 1.09% negative impact), New Oriental Education (0.85% negative impact) and Naspers (-14%, 0.65% negative impact).

Tencent Music Entertainment's performance has been disappointing, and the business will be negatively impacted by regulations, most notably the ending of exclusive music licensing. It should, however, be noted that the vast majority of listening happens via nonexclusive titles. Furthermore, a user's listening experience is more than just access to music, but also how this music is curated and presented to users in a personalised manner, which drives user loyalty. The other segment of their business that is currently under pressure is their live streaming and online karaoke product that has experienced some operational mishaps, combined with increased competition, which is impacting growth. As the live streaming and online karaoke segment represents ~60% of revenue and more than 100% of the combined business profits currently, this will negatively impact the business's short-term revenue and profitability outlook. It is, however, our expectation that these headwinds will abate in time, with the overall business growth supported by continued paying music user growth, which only has ~11% paying ratio (vs Spotify's 45%), along with low monthly subscription revenue per user, at $1.4 per month (vs Spotify at ~$5). The business has ~27% of its current market capitalisation in net cash, and another ~19% in listed investments (2% ownership of Spotify, 2% ownership of UMG and a 1% ownership of Warner) and is trading on a 15% yield based on our 2023 expectation of FCF.

The Fund ended the quarter with 74.8% net equity exposure, roughly 4.5% lower than at the end of June 2021, as we reduced our risk appetite and sold down some US technology stocks, which have performed strongly.

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. However, we continued to buy South African government bonds in the quarter, representing 4.25% of the Fund. Our view on the South African 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 of South African government bonds are the highest in the world.

The Fund also has circa 1.14% invested in global property. Lastly, the Fund has a physical gold position of 3.4%, a 1.52% holding in AngloGold Ashanti, and a 0.69% holding in Barrick Gold Corp. The gold price is down approximately 10% in USD year to date, but we continue to hold the position for its diversifying properties in what we characterise as a low visibility world with inflation risks. AngloGold Ashanti is down 32% in USD year to date due to operational challenges, but management changes have been made, and thus there is a reasonable likelihood of operational improvements, which should lead to improved business performance and closing the gap between its share price performance and the underlying gold price movement. We have thus been adding to the position. The balance of the Fund is invested in cash, largely offshore. As has been the case for many years, the bulk of the Fund (over 90%) is invested 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 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 and risk control measures like put options. Current index put option exposure is 8% effective and 32% nominal, as a percentage of Fund, which will shield the Fund somewhat should there be a significant drawdown in equity indices.

Notable buys/increases in position sizes during the quarter were Canadian Pacific Railway and Canadian National Railway, both of which are North American rail operators.

The area where these two railway operators have networks is occupied by four players, creating a stable and rational market structure. 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. Furthermore, over the past few years, the industry has gone through a period of increasing efficiency, which has made them more competitive with trucking driving market share gains for rail. The trucking industry is also facing a driver and truck shortage, leading to price increases, which provides support for rail pricing due to the substitutive nature of the two modes of transport.

Canadian Pacific has arguably the best management team in the North American rail industry and is 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. We expect Canadian Pacific to generate low double-digit free cash flow per share growth with an attractive starting valuation.

Canadian National Railway benefits from many of the trends mentioned above but has historically been under-managed versus its peers, resulting in inferior operating metrics and resultant shareholder returns. There is, however, an activist investor involved now who is pushing for a management change to address these operational deficiencies. So, while there is a turnaround element associated with this particular investment case, it appears reasonable to assume that change should take place due to shareholder pressure, with initial commitments in this regard already made, which should drive material margin improvements from a comparatively low starting base.

Vaccines have continued to roll out across the world, and this should continue in the months ahead, with the hope that we are close to the end of the pandemic and its devasting effects. Against this 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 to achieve the best risk-adjusted returns going forward.

Portfolio managers
Gavin Joubert and Marc Talpert
as at 30 September 2021

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

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.