

LONG TERM OBJECTIVE

The Coronation Global Emerging Markets Equity Strategy provides access to what we consider to be the best investment opportunities in Global Emerging Markets. It aims to deliver capital growth through a focused equity portfolio of securities of companies based in emerging markets or that derive a significant portion of their business from emerging economies. The objective is to outperform the MSCI Emerging Markets Index over 5 years and longer periods.

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house, focused on bottom-up stock picking. Our aim is to identify mispriced assets trading at discounts to their long-term business value (fair value) through extensive proprietary research. In calculating fair values, through our fundamental research, we focus on through-the-cycle normalised earnings and/or free cash flows using a long-term time horizon. The Portfolio is constructed on a clean slate basis based on the relative risk-adjusted upside to fair value of each underlying security and their expected Internal Rate of Return (IRR). The Portfolio is constructed with no reference to a benchmark. We do not equate risk with tracking error, or divergence from a benchmark, but rather with a permanent loss of capital.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	160.9%	68.7%	92.2%
Since Inception p.a.	7.5%	4.0%	3.5%
Latest 10 years p.a.	8.6%	6.2%	2.3%
Latest 7 years p.a.	5.4%	5.7%	(0.3)%
Latest 5 years p.a.	9.7%	9.2%	0.5%
Latest 3 years p.a.	12.4%	8.6%	3.8%
Latest 1 year	10.2%	18.2%	(8.0)%
Year to date	(8.5)%	(1.2)%	(7.3)%
Month	(5.4)%	(4.0)%	(1.4)%

For a side-by-side comparison of gross and net performance, please refer to <http://www.coronation.com/us/strategy-performance>
Active return calculated as strategy return less benchmark return. Figures may differ due to rounding.

SECTOR EXPOSURE

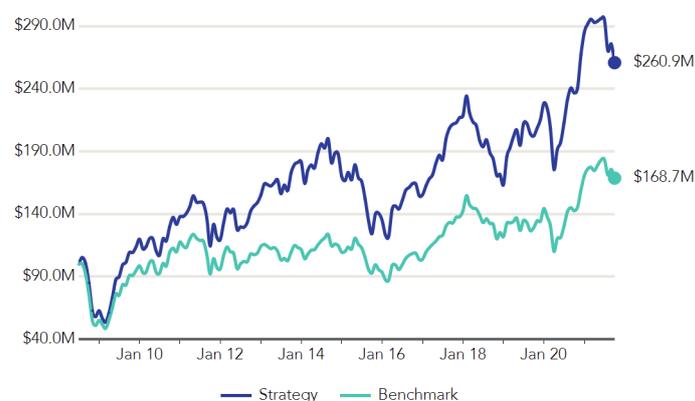
Sector	% Strategy
Consumer Discretionary	33.9%
Consumer Staples	23.0%
Financials	14.7%
Information Technology	11.5%
Communication Services	10.3%
Materials	3.6%
Industrials	2.3%
Cash	0.7%

GENERAL INFORMATION

Inception Date	14 July 2008
Strategy Size *	\$5.64 billion
Strategy Status	Open
Mandate Benchmark	MSCI Daily TR Net Emerging Markets USD (NDUEEGF Index)
Redemption Terms	An anti-dilution levy will be charged
Base Currency	USD

*Strategy assets under management as at the most recent quarter end.

GROWTH OF US\$100M INVESTMENT



Benchmark: MSCI Daily TR Net Emerging Markets USD (NDUEEGF Index)

The performance shown is gross of fees.

TOP 10 HOLDINGS

Holding	% Strategy
PROSUS NA (CHN)	7.9%
JD.COM INC ADR (CHN)	6.9%
MAGNIT (RUS)	4.6%
TAIWAN SEMICONDUCTOR SP-ADR (TWN)	4.3%
HOUSING DEV FINANCE CORP (IND)	3.9%
SAMSUNG ELECTRONICS CO LTD (KOR)	3.5%
SBERBANK OF RUSSIA (RUS)	3.1%
NAVER CORP (KOR)	2.9%
TATA CONSULTANCY SVCS LTD (IND)	2.4%
SENDAS DISTRIBUIDORA SA-W/I (BRA)	2.4%

GEOGRAPHIC EXPOSURE

Country	% Strategy	Country	% Strategy
China	29.3%	Mexico	2.2%
Russian Federation	12.5%	Argentina	2.2%
South Korea	9.0%	Netherlands	2.1%
India	8.5%	United States	1.8%
South Africa	5.9%	Hong Kong	1.4%
Brazil	5.8%	Turkey	1.0%
Taiwan	5.2%	Indonesia	0.7%
France	4.0%	Egypt	0.5%
Germany	3.8%	Cash	0.7%
United Kingdom	3.5%		

PORTFOLIO MANAGERS



Gavin Joubert - BBusSc, CA (SA), CFA

Head of Global Emerging Markets, Gavin has 22 years' experience as an investment analyst and portfolio manager. He joined Coronation in 1999 and manages assets within the Global Emerging Markets Equity Strategy.



Suhail Suleman - BBusSc, CFA

Suhail is a portfolio manager, managing various strategies within the Global Emerging Markets investment unit. He joined Coronation in 2007 and has 19 years' investment experience.

FUND MANAGERS

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The Prospectus of Coronation Global Opportunities Fund and Fund KIID can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/ucits-fund-library/umbrella-fund> and a Summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/about-us/ucits-v-disclosure/>.

The Prospectus of the Coronation Universal Fund and a Summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/>.

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The volatility of the Benchmark represented in the growth chart above may be materially different from that of the Strategy. In addition, the holdings in the accounts comprising the Strategy may differ significantly from the securities that comprise the Benchmark. The Benchmark has not been selected to represent an appropriate benchmark to compare the Strategy's performance, but rather is disclosed to allow for comparison of the Strategy's performance to that of a well-known and widely recognized Benchmark.

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REVIEW FOR THE QUARTER

The Coronation Global Emerging Markets Strategy returned -11.6% during the third quarter of 2021 compared with the -8.1% return of the benchmark MSCI Emerging Markets (Net) Total Return Index. Taking the negative relative performance of the second quarter of this year into account, the Strategy is 7.2% behind the benchmark year to date and by a similar amount over the last year. This has been a challenging short-term period, driven almost exclusively by China. The top 5 negative contributors over both the quarter and year to date were Chinese holdings. Over longer-term time periods, the Strategy has comfortably outperformed the market, with 3.8% p.a. outperformance over three years, 0.5% p.a. over five years, 2.5% p.a. over ten years and 3.5% p.a. since inception just over 13 years ago.

The largest positive contributor was Russian food retailer Magnit, returning 16% in the quarter and contributing 82bps to performance. Aside from continued solid operational performance, best evidenced by 5% like-for-like sales growth in the latest reporting quarter, Magnit also announced the purchase of a smaller food retailer (Dixy) and an e-commerce co-operation agreement with Wildberries (the current leading e-commerce operator in Russia). The latter will assist in improving Magnit's e-commerce offering, which is essential in the larger cities in Russia and an area where they have lagged peers, in particular X5. The Dixy acquisition adds 10% to group selling space, and besides the obvious cost synergies also gives them lots of attractive sites in Moscow and St. Petersburg, the two most important metros where they need scale. This acquisition doubles their market share in both cities overnight, with Moscow market share increasing from 4% to over 8% and St. Petersburg market share from 9% to 17%. Magnit is very attractive from a valuation standpoint in our view, with the share trading on around 13x forward earnings and offering a 9% dividend yield. Magnit now represents a 4.6% position in the Strategy and is the 3rd largest holding. In terms of positive contributions, the Russian stocks generally featured prominently for the Strategy, with both Yandex (5th largest) and Sberbank (7th largest) also being in the top ten quarterly positive contributors, together adding 75bps of performance.

The next biggest positive contributor to performance in the quarter was the zero direct weight in Tencent as it fell 21% during the period, contributing 64bps to relative performance. This was, however, fully offset by the holdings in Prosus and Naspers, which combined are the largest effective exposure in the Strategy. There was material corporate action in Prosus and Naspers that was completed during August, whereby Naspers shareholders were invited to tender part of their shares for Prosus shares as part of various ongoing measures to reduce the discount at which Naspers trades to Prosus and at which Prosus trades to the value of its Tencent stake. The Strategy's exposure to these three entities is now almost fully held via Prosus, as we accepted the offer from Prosus, receiving Prosus shares in return for Naspers shares. Prosus itself had a busy quarter in terms of investments, having increased its stake in Delivery Hero (food delivery) by 2% to 27%, and acquiring BillDesk (payments) in India. The BillDesk acquisition adds to their existing PayU business and moves the combined entity into the top 10 payment providers in the world by Transaction Processing Value (TPV), the standard metric by which these providers are compared. The "rump" of Prosus, comprising all assets except its 29% stake in Tencent, is in our view worth almost a third of the current market capitalization of Prosus. In contrast, Prosus trades at a discount to the value of its Tencent stake alone. This completely ignores all other assets in Prosus (a range of emerging market internet assets with a focus on food delivery, online classads, e-commerce, payments, and online education, none of which are in China). Although there is still much that management must do to narrow this discount over time, we believe the recent moves to unlock value are a good step in the right direction, not least of which is a \$5bn share buyback scheme.

A few other notable positive contributors are worth mentioning. HDFC, the Indian mortgage loan provider and financial services holding company, returned 11% and contributed 50bps. The Strategy also has a relatively smaller exposure to Alibaba (preferring to own more in JD.com) and, with Alibaba falling 35%, this positioning helped to provide 45bps of positive performance.

The Strategy was, on the whole, very negatively affected by the Chinese regulatory developments that unfolded during the quarter. The single biggest event was the action taken against the After School Tuition (AST) industry in late July. Although there is still some uncertainty over the final regulations and the companies themselves are still unable to clarify the impact to investors, the general principle is that there will be severe curbs on AST in K1 to 9 (pre-school, primary and middle school). This segment will be closed to foreign capital and become "not for profit". There is some ambiguity regarding AST in high school (years 10 to 12 inclusive) and the industry may be able to continue to operate here, although the scale of the industry will shrink significantly regardless.

The Strategy started the quarter with a 2.3% position in New Oriental Education (EDU) and 0.9% in Youdao. During the month of July, final regulations came out with a very punitive outcome for the industry. We had sold a portion of the EDU holding before the final regulatory announcement but were still impacted by the material fall in the share price on the day of the regulatory announcements. Despite the substantial decline in EDU's share price, we decided to sell the remaining position to zero as the company's long-term prospects had clearly been materially impaired. EDU cost the Strategy 1.2% of performance during the quarter, whilst Youdao cost the Strategy 0.3%. Youdao has been retained in the Strategy (a 0.5% position) as its business model is very different, being exclusively online (as opposed to having a large physical learning centre presence as is the case with EDU), and skewed more toward adult education and education hardware tools (almost 60% of the business), which is outside the purview of the regulations.

The second largest detractor was Tencent Music Entertainment (TME), which cost the Strategy 1.2%. While the bulk of TME's revenue and profits today come from Social Entertainment, it is the music streaming part of the business (à la Spotify) that attracts us and makes up 80% of our valuation for TME. The large decline in TME's share price during the quarter was also primarily driven by regulatory moves in music streaming, as well as the significant selling of all Chinese internet stocks in general. In early August, the government announced that exclusivity on music would be banned in most circumstances. Our investment case was not primarily based on exclusivity remaining in place forever as China was an outlier in this regard: the likes of Spotify, Apple Music, Amazon don't have exclusivity in their various markets around the world: factors other than exclusivity (the overall attractiveness of the ecosystem and user experience, the strength of curation, the range of music (and increasingly long audio, live concerts), etc.) play a significant role in success, and TME (with 75% market share in music streaming in China today) is the clear leader in this regard. In addition to this, the music streaming industry is still in its early stages in China, in particular from a paying ratio point of view and from a pricing/ARPU point of view (both still very low but increasing). Whilst we believe that TME will lose some market share over time, in our view they will remain the clear leader in what is a growing market. In addition to this, for independent (without a record label) artists three years of exclusivity is still permitted and for new tracks on all non-independent artists there is a permitted 30-day exclusivity, which act as a counter to the negative impact from an exclusivity point of view. Lastly, the market structure of music streaming in China is far more attractive than in other global markets due to the much smaller presence in China of the 3 dominant global labels (Universal Music Group, Warner Music and Sony Music) and at the same time the higher representation of (fragmented) local Chinese labels increases the bargaining power of the music streaming companies leading to far higher long-term profitability. Besides the very attractive long-term fundamentals of the company, the market value of TME's listed investments (small stakes in Spotify, Universal Music Group and Warner Music) and net cash amount to approximately 45% of TME's market capitalization today. The music streaming segment is still marginally loss making so earnings are depressed but using our estimate of normal margins and applying them to estimated revenue would put TME on 9x free cash flow and closer to 5x free cash flow if excluding the investments and net cash. TME is a 1.4% position in the Strategy.

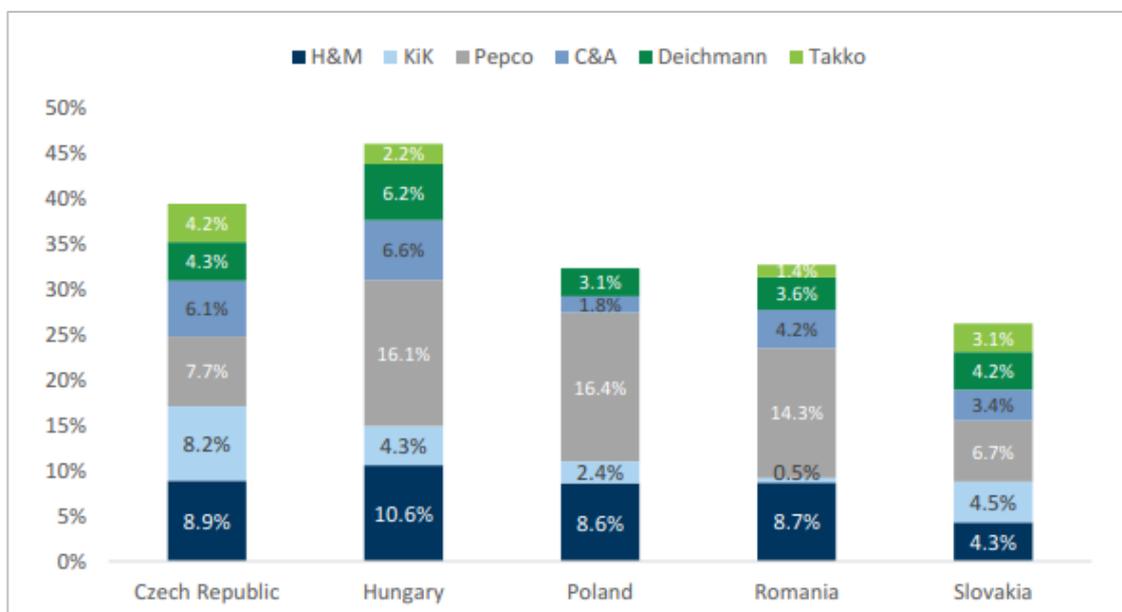
The next three largest detractors in the Strategy (excluding Naspers/Prosus and EDU, Youdao already discussed) were also all Chinese stocks, meaning that all of the seven largest detractors were Chinese stocks. Melco Resorts (gambling, Macau) cost 61bps, Baijiu spirits producer Wuliangye Yibin cost the Strategy 41bps, and China Literature 31bps. Having for some time been the most attractive investment destination in emerging markets in recent years, the Chinese market has now attracted commentary akin to being uninvestable. We continue to talk to as many China experts/insiders/locals as we can on an ongoing basis, and our view at this stage is more nuanced: clearly the relationship between capital and the state has changed in a negative direction (and the risks and discount rate for China have increased), but as a counter the authorities have taken great pains to explain that these are targeted decisions with specific objectives and the country is still very much "open for business". The extent to which this affects individual industries and names within these industries is where tough decisions need to be made. First movers in the tech industry that abused their dominant market position are likely to be the most negatively affected, whilst companies that were hurt by anticompetitive action will likely benefit going forward. Regulatory clarity (as one has seen in music streaming, and arguably e-commerce as well) also assists one in getting to grips with what future earnings streams may look like, as opposed to 'not knowing' in other sectors where regulatory actions are still taking place.

The most material changes in the Strategy as a result of regulatory changes in China (AST aside) were therefore the sale of Meituan Dianping to zero and the reduction in the Alibaba position from around 4.5% to 2.0%. In the case of Meituan, aside from anticompetitive behaviour, the drive by the government to have better working conditions for gig economy workers will raise costs, both for Meituan and its peers significantly. Alibaba, whilst still cheap from a valuation perspective in our view, is no longer attractive enough to be a top 10 position. JD.com remains our preferred e-commerce operator and is the 2nd largest position (7%) in the Strategy after Prosus/Naspers. Aside from a very attractive valuation - it trades on 11x forward (below normal) earnings (and with over 100% free cash flow [FCF] conversion, the FCF multiple is lower than this) when listed subsidiaries, associates and net cash are stripped out - the company ticks all the regulatory boxes by investing in infrastructure, employing full-time workers, paying them well and providing all the benefits typically denied to workers in the gig economy. In our view, JD will be the biggest beneficiary of the end of the 'choose 1 of 2' rule (also unique to China) historically employed by Alibaba and ended by regulation, and we also believe its predominantly 1P business model will be the long-term winner in the eyes of the consumer.

There were a few new buys in the quarter, all under 1% positions and first of these was the leading South Korean e-commerce retailer Coupang. In our view, Coupang is a very attractive business - we did a lot of work on it before the recent IPO, but the share traded well above our buying range, peaking at over \$50 in the days after the IPO. Coupang has now steadily retraced down to below \$30. Selling by pre-IPO shareholders (with the lock-up expiring mid-August) is very likely playing a role, as arguably are concerns over potential regulation in Korea given the China experience, lastly rising US long bond yields, impacting long duration stocks in particular. The e-commerce market in Korea, whilst already quite well penetrated (at 30% of retail sales) is still very fragmented. Coupang is #1 but with just a mid-teen market share. The company differentiates itself through its 1P model and best-in-class logistics, with 99% of items delivered within one day of ordering. They are also investing significantly in their marketplace offering to leverage their fulfilment

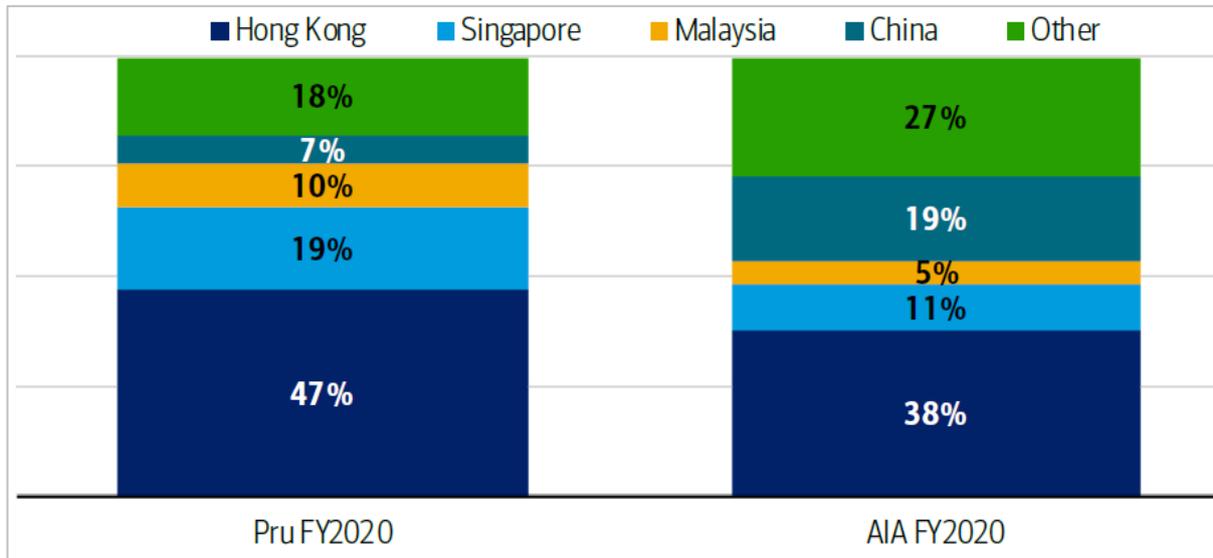
infrastructure and expanding their fresh grocery options. Other initiatives include fintech and food delivery (Coupang Eats), which is an effective duopoly with Delivery Hero (1.8% of Strategy) in Korea. Coupang is currently a 1% position in the Strategy.

The second notable new buy was Eastern European retailer Pepco Group (PG). PG is a multi-format discount retailer with over 3,200 stores spread across the continent. The largest format is PEPCO, which sells clothing and general merchandise in Poland and other countries in Central and Eastern Europe and Italy. PG also owns Poundland in the UK and Dealz (the Poundland equivalent in Poland and Spain). Poundland's product range is similar to the PEPCO format but also includes the FMCG category. Most of the group's profits come from the PEPCO format, which makes up around two thirds of the total store base. The customer proposition is a wide variety of basic products at very low prices for cost conscious 'mums on a budget' looking to shop for the full family's clothing and merchandise needs under one roof. The very low price points and small basket size make this segment more difficult for e-commerce to compete with. The data from price surveys suggest that in almost all categories PEPCO prices are in line or lower than the opening price point and is between 30% and 45% cheaper than mainstream retailers like H&M and IKEA in their respective categories. PG has great financial metrics, with high returns on capital and full conversion of earnings into free cash flow. We acknowledge that e-commerce is a potential longer-term threat to the business model and continue to evaluate developments here. In the meantime, the continued store rollout and market share gains should continue to enhance PG's lead over competitors, as shown by market shares below where it is the largest player in all countries in the region, bar the Czech Republic. PEPCO is currently a 0.9% position in the Strategy.



Source: Euromonitor

The final notable new buy was Prudential which has now sold/spun out its UK and US businesses, leaving it as a pure Asian/EM life insurer (much like AIA). Prudential has slightly differing geographical exposure to AIA, not least because its China exposure is much smaller due to being part of a joint venture, as opposed to AIA who own 100% of their Chinese business. As a counter, a large part of the Hong Kong exposure for both insurers comes from sales to China mainlanders. The difference in Embedded Value makeup between the two insurers is shown below:



Source: BofA Global Research, derived from company filings.

Adjusting for differences in accounting practices and assumptions to compare the two insurers like for like, Prudential trades at a 1/3rd discount to AIA, despite delivering higher renewal premium growth over the last 10 years. We think both insurers are attractive and 2% of the Strategy is collectively invested in AIA (1.25% position) and Prudential (0.75% position). The new buy was fully funded by the sale of Ping An to zero. Besides a poor response to increased online competition, we have become concerned that Ping An's exposure to the Chinese property market and its subsidiary Ping An Bank undermine the investment case, and given the risk of a high impact event on Ping An felt the risk/reward equation was not in favour of retaining the position. There were a few other sales of smaller positions during the quarter. We sold the small remaining positions in Stone (Brazilian payments provider) on valuation, Walmart de Mexico (retailer) due to more attractive risk-adjusted opportunities being available, Momo.com (Taiwanese e-commerce) on valuation (exceeded fair value) and lastly B3, the Brazilian stock and derivatives exchange on a change in the investment case in the form of new potentially material legal liabilities.