CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

Fund Information as at 31 December 2022

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WHAT IS THE FUND'S OBJECTIVE?

The Global Emerging Markets Flexible [ZAR] Fund aims to give investors access to the best opportunities in emerging equity markets. The fund actively seeks out attractively valued shares to maximise long-term growth. Our intent is to outperform the emerging equity benchmark over all periods of five years and longer.

WHAT DOES THE FUND INVEST IN?

The fund invests in the shares of companies which are either based in emerging countries, or earn a significant part of their revenue from emerging economies. It can also invest in cash and bonds, but will remain biased towards shares at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

9/10
Aggressive

Maximum growth/ minimum income exposures

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

The fund will only invest in shares we view as being attractively valued and which may offer superior long-term investment growth.

The fund's share selection is the result of rigorous international research conducted by Coronation's investment team.

While we have a disciplined approach to reducing risk, shares can be volatile investments and there is a meaningful risk of capital loss over the short term. Emerging markets are generally viewed as more risky than developed markets. Global currency movements may intensify investment gains or declines.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 years or more is therefore ideal. It is not suitable as a single investment for investors who need to preserve their capital over five years or less.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- are comfortable with full exposure to shares in emerging markets;
- accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- hold other investments and are looking for exposure to emerging markets;
- do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 1.00% and a maximum of 2.40%, depending on the fund's performance, is payable.

If fund performance equals that of the benchmark (after fees and costs), a fee of 1.15% will be charged. We share in 20% of performance above the benchmark, up to a total annual fee of 2.40%. Performance is measured over a rolling 24-month period.

If the fund underperforms the benchmark over any 60-month period, the fee is reduced by 0.15%.

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 portfolio costs.

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

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

GAVIN JOUBERT
BBusSc, CA (SA), CFA

SUHAIL SULEMAN
BBusSC, CFA

LISA HAAKMAN
CA (SA), CFA

IAKOVOS MEKIOS
Ptychion (BSc), MIA, IMC, CFA

GENERAL FUND INFORMATION

Launch Date	28 December 2007
Fund Class	A
Benchmark	MSCI Emerging Markets Index
ASISA Fund Category	Global – Multi-asset – Flexible
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORGLOB
ISIN Code	ZAE000109211
JSE Code	CGEM

CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

CLASS A as at 31 December 2022

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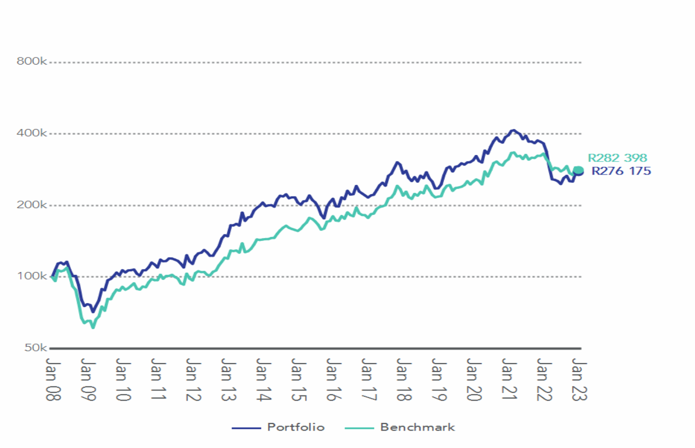
ASISA Fund Category	Global - Multi Asset - Flexible
Launch date	28 December 2007
Fund size	R 5.25 billion
NAV	263.63 cents
Benchmark/Performance Fee Hurdle	MSCI Emerging Markets Index
Portfolio manager/s	Gavin Joubert, Suhail Suleman, Lisa Haakman and Iakovos Mekios

	1 Year*	3 Year
Total Expense Ratio	1.28%	1.73%
Fee for performance in line with benchmark	1.15%	1.15%
Adjusted for out/(under)-performance	(0.15)%	0.27%
Fund expenses	0.13%	0.10%
VAT	0.15%	0.21%
Transaction costs (inc. VAT)	0.22%	0.18%
Total Investment Charge	1.50%	1.92%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark
Since Launch (unannualised)	176.2%	182.4%
Since Launch (annualised)	7.0%	7.2%
Latest 15 years (annualised)	7.0%	7.2%
Latest 10 years (annualised)	6.4%	9.0%
Latest 5 years (annualised)	0.2%	5.1%
Latest 3 years (annualised)	(3.8)%	3.9%
Latest 2 years (annualised)	(16.4)%	(5.0)%
Latest 1 year	(24.4)%	(14.7)%
Year to date	(24.4)%	(14.7)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Return	7.0%	7.2%
Annualised Deviation	17.1%	15.1%
Sharpe Ratio	N/A	0.01
Maximum Gain	25.5%	36.4%
Maximum Drawdown	(40.6)%	(44.2)%
Positive Months	55.0%	56.1%
	Fund	**Date Range**
Highest annual return	49.7%	Mar 2009 - Feb 2010
Lowest annual return	(37.5%)	Mar 2008 - Feb 2009

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	31 Dec 2022
Equities	**96.89%**
China	26.16%
India	10.35%
Brazil	9.08%
South Africa	7.65%
France	6.37%
South Korea	6.23%
Taiwan	5.51%
Uruguay	4.58%
United Kingdom	4.46%
Germany	4.28%
Other	12.23%
Cash	**3.06%**
USD	2.34%
Other	0.68%
ZAR	0.18%
HKD	0.00%
EUR	(0.13)%
Real Estate	**0.04%**
Brazil	0.04%

TOP 10 HOLDINGS

As at 31 Dec 2022	% of Fund
Prosus Na (China)	5.9%
Jd.com Inc (China)	5.8%
Taiwan Semiconductor Man (Taiwan)	3.5%
Mercado Libre Inc (Uruguay)	3.5%
Delivery Hero Se (Germany)	3.5%
Housing Dev Finance Corp (India)	3.1%
Tencent Music Entertainment Gr (China)	2.6%
Airbus Group Se (France)	2.5%
Anglogold Ashanti Limited (South Africa)	2.4%
Sendas Distribuidora Sa-w/i (Brazil)	2.4%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2022	03 Oct 2022	3.31	3.20	0.11
30 Sep 2019	01 Oct 2019	1.65	1.63	0.01
29 Mar 2019	01 Apr 2019	0.64	0.63	0.01

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(7.5)%	(13.4)%	(11.8)%	(0.5)%	(1.3)%	(2.7)%	6.0%	2.1%	(5.0)%	(0.4)%	8.4%	1.0%	**(24.4)%**
Fund 2021	4.4%	0.6%	(2.2)%	(1.4)%	(5.0)%	3.5%	(5.6)%	0.1%	(1.6)%	2.7%	(1.2)%	(1.6)%	**(7.5)%**
Fund 2020	4.2%	(4.7)%	(1.5)%	12.2%	(2.9)%	7.0%	5.5%	3.7%	(3.6)%	(1.3)%	5.4%	1.8%	**27.3%**

** This column shows the most recently available figures for the 12 months ending November 2022. The 12-month TER for the financial year ending September 2022 was 1.28% which included a -0.15% adjustment for out/(under) performance and a total investment charge of 1.49%.*

Issue date: 2023/01/16

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

The Fund returned +9.0% (in ZAR) in the final quarter of 2022 (Q4-22), outperforming the benchmark MSCI Emerging Markets (Net) Total Return Index by 5.8%. Over six months, the Fund has outperformed by 10.7%. For the year as a whole, the Fund returned -24.4%, underperforming the benchmark return by 9.7%. Naturally, this underperformance is disappointing and was driven mostly by the Fund's exposure to Russian assets, all of which were written down to zero in the aftermath of Russia's invasion of Ukraine and the resultant imposition of sanctions on the country. As we have stated previously, our view is that these written down assets have significant real value, and this view is supported by current market prices trading in Russia (with good trading volumes). We hope to realise value in the future from these holdings when the situation normalises.

The near-term improvement in performance means that a number of the longer-term performance numbers that had turned negative after a tough 2021 and early 2022 have started to improve significantly. Over five years, for example, the Fund has now underperformed by 4.9% p.a. (which whilst still being very disappointing, had reached almost 6% p.a. underperformance in March 2022). Since inception, the Fund return of 7.0% p.a. is in line with the benchmark's 7.2% p.a. We believe the Fund holds a collection of very undervalued assets, and we look forward to further improvement in the longer-term numbers.

There were significant developments over the past few months in two of the countries (China and Brazil) to which the Fund has material exposure. These developments ended up having an impact on the Fund's Q4-22 returns. Arguably the biggest news in Emerging Markets was the effective end of China's isolation from the world – with the unexpected (in terms of timing and scope) easing of "zero- Covid" protocols in the country. Having secured his position as leader of the Chinese Communist Party for a third term, and with the country facing the first widespread protests by the population since 1989, it appears that Xi Jinping eventually realised the futility of continuing with the zero-Covid policy and allowed local and provincial governments to decide how to deal with Covid in their areas, which eventually resulted in the huge testing and quarantine system breaking down astonishingly quickly. China has even moved to end quarantine for international visitors and its own citizens can now freely travel in and out of the country for the first time in almost three years.

Heading into Q4-22, the Chinese market had underperformed other large Emerging Markets significantly as investors grew increasingly sceptical about China's appeal as an investment destination, with many even concluding that China was "uninvestable". The regulatory interventions we saw in many sectors – education and technology in particular – coupled with a prominent entrepreneur being "cut down to size", meant that Chinese stocks were priced at a substantial discount to peers in other regions. The internet-related stocks, in particular, rebounded sharply as it became apparent that China would be reopening to the rest of the world far quicker than people expected and many of these stocks had been badly hampered operationally by zero-Covid. Statements from Beijing that the regulatory interventions were coming to an end also assisted. Even after the significant recovery in Chinese equities, we believe that many are still significantly undervalued in our view, with a number of holdings still having upside in the 50-100% range.

The largest contributors to the Fund's relative performance in the quarter were Tencent Music Entertainment (TME) and Naspers/Prosus. TME returned 90% and provided 1.4% of relative outperformance/alpha. We have written previously about why we like TME – low penetration of music streaming in the country and significant opportunity to monetise existing customers. This, coupled with a decent social media business (although the main attraction for us is the music streaming business), and valuable stakes in listed businesses like Spotify, Warner Music Group, and Universal Music Group, meant that TME was trading on 7x 2023 earnings (ex cash and listed assets) at the beginning of the quarter despite having years of significant earnings growth ahead of it. Even with the doubling in the share price, it remains one of the most attractive internet assets in our investment universe and hence a top 10 position in the Fund (2.6% position).

The Naspers/Prosus position returned 24% and also provided 1.4% of alpha. Even deducting the negative impact of not owning any Tencent directly (Naspers/Prosus derive the bulk of their NAV from Prosus' Tencent stake), the overall impact from these stocks was still a net +0.8%.

Other material positive contributors to relative performance were AngloGold, which returned 32% and provided +0.7% alpha, as well as XIabuxiabu (+64%, +0.6% alpha), Airbus (+29% return, +0.6% alpha), and Delivery Hero (+22% return, +0.6% alpha).

Partly offsetting China's positive impact on the Fund was Brazil (-1.2% relative detractor in total), which did poorly in the quarter after Lula da Silva won the presidency in a runoff against the incumbent Jair Bolsonaro at the end of October. Initial signs from the incoming administration suggest a loosening (at the margin) of the fiscal taps in spite of Brazil's government debt metrics looking quite poor. Also likely is greater use of the government's control of Petrobras to the detriment of minority investors, with a combination of interference in pricing (away from benchmarking against international prices), a reduction in dividends and/or an increase in capital expenditure. For these reasons we sold the remaining position in Petrobras (which we had consistently been reducing in the past few months) in December. For the year as a whole, Petrobras was actually the biggest positive contributor (followed by Sendas, the Brazilian cash and carry retailer), having returned large dividends to shareholders (which in turn made up the bulk of its +69% total return for the year), but in our view the investment case has now changed, and very much for the worse.

Several Brazilian and broader Latin American (Latam) stocks feature prominently in the detractors for the quarter. The largest of these was dLocal, a pan-Latam payments processor that returned -31% and cost -0.6% of relative performance. A recent new buy Petz (a premium pet-related retailer in Brazil) returned -39% and cost -0.4% alpha, whilst the three financial services holdings XP (a brokerage), PagSeguro (fintech), and Nubank (digital banking) cost a combined -0.8% alpha. Other than the zero weight in Tencent mentioned above, the only other top 5 detractor that was not Latam-related was Coupang, a Korean e-commerce retailer that returned -17% in the quarter and cost -0.4% alpha.

There was only one new outright buy in the quarter, with the purchase of a 0.5% position in Indian IT outsourcer Infosys. We have owned Infosys a few times in the past and the purchase was primarily due to the share starting to offer good upside and being attractive on a risk-adjusted basis after it sold off by around a third from levels reached earlier in 2022.

The weighted average upside in the Fund remains very attractive in our view (around 75%), as does the 5-year IRR (annual 5-year earnings growth + annual dividend yield, adjusted for a re/de-rating from current levels) of 19% p.a. The Fund, as is typically the case, looks very different to the Index (active share of 87% currently and 47% in off-benchmark exposure) and these 2 factors combined bode well for future absolute as well as relative returns in our view.

Portfolio managers
Gavin Joubert, Suhail Suleman and Iakovos Mekios
as at 31 December 2022

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

The Global Emerging Markets Flexible [ZAR] Fund should be considered a long-term investment. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. The fund is mandated to invest up to 100% of its portfolio into foreign securities and may as a result be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. 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 over the period referenced. 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 underlying 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 a rolling 12-month period to the last available month end (updated monthly). The financial year TER displayed at the bottom of page 2, is the latest available 12-month TER to the end of the previous financial year ending 30 September (updated annually). The 3 Year TER is for a rolling 36-month period to the last available 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.