CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

Fund Information as at 31 July 2022

CORONATION
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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%

Global Optimum Growth [ZAR] Feeder Fund 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.

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 developed and emerging markets and accept the possibility of volatility and the risk of short-term losses;
- are comfortable with allowing Coronation a wide degree of discretion, in allowing us to make both the asset and geographical 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
ASISA Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
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 31 July 2022

CORONATION
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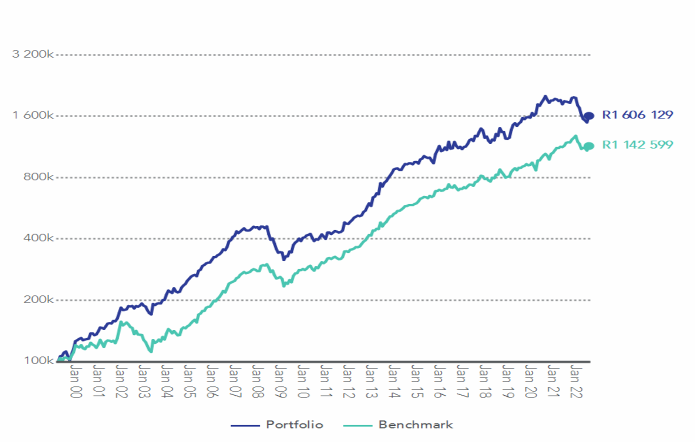
ASISA Fund Category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R12.96 billion
NAV	12638.74 cents
Benchmark/Performance Fee Hurdle	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
Portfolio manager/s	Gavin Joubert and Marc Talpert

	1 Year	3 Year
Total Expense Ratio	1.89%	1.79%
Fee for performance in line with benchmark	0.96%	0.88%
Adjusted for out/(under)-performance	0.60%	0.51%
Fund expenses	0.10%	0.19%
VAT	0.23%	0.21%
Transaction costs (inc. VAT)	0.14%	0.13%
Total Investment Charge	2.03%	1.92%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE OVER VARIOUS PERIODS (AFTER FEES) (ZAR)

	Fund	Inflation	Benchmark
Since Launch (unannualised)	1506.1%	283.2%	1042.6%
Since Launch (annualised)	12.6%	5.9%	11.0%
Latest 20 years (annualised)	11.5%	5.6%	11.2%
Latest 15 years (annualised)	9.0%	5.7%	10.0%
Latest 10 years (annualised)	11.9%	5.3%	11.7%
Latest 5 years (annualised)	4.6%	4.9%	8.5%
Latest 3 years (annualised)	2.4%	5.1%	8.6%
Latest 2 year (annualised)	(8.7)%	6.1%	5.5%
Latest 1 year (annualised)	(14.9)%	7.5%	(3.6)%
Year to date	(18.4)%	5.5%	(11.0)%
Annualised Deviation	12.7%	1.5%	10.9%
Sharpe Ratio	0.36	(1.44)	0.27
Downside Deviation	7.3%	0.7%	5.8%
Positive Months	62.9%	91.4%	62.9%

	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	US CPI	Benchmark
Since Launch (unannualised)	498.1%	77.9%	326.0%
Since Launch (annualised)	8.0%	2.5%	6.4%
Latest 20 years (annualised)	8.8%	2.5%	8.5%
Latest 15 years (annualised)	3.0%	2.3%	3.9%
Latest 10 years (annualised)	4.3%	2.5%	4.2%
Latest 5 years (annualised)	(0.2)%	3.7%	3.6%
Latest 3 years (annualised)	(2.5)%	4.4%	3.4%
Year to date	(21.6)%	4.1%	(14.5)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2022
Equities	**79.2%**
North America	32.5%
Europe	24.9%
Asia	10.3%
South Africa	5.9%
Latin American	5.7%
Commodities	**2.7%**
Europe	2.7%
Real Estate	**0.3%**
Europe	0.1%
Latin American	0.1%
North America	0.1%
South Africa	0.0%
Bonds	**5.9%**
South Africa	5.9%
Cash	**11.9%**
USD	8.4%
Other	3.5%
ZAR	0.0%

TOP 10 HOLDINGS

As at 30 Jun 2022	% of Fund
JD.com Inc	4.2%
Alphabet Inc	3.6%
Canadian Pacific Railway Ltd	3.6%
Microsoft Corp	3.0%
Prosus Na	2.9%
Naspers Ltd	2.6%
Capri Holdings Ltd	2.3%
Amazon Com Inc	2.3%
Canadian National Railway Co	2.1%
Visa Inc	2.1%

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 2022	(8.1)%	(2.9)%	(7.5)%	(4.5)%	(1.7)%	(2.2)%	7.8%						**(18.4)%**
Fund 2021	1.7%	(0.5)%	(1.8)%	1.0%	(4.6)%	3.4%	(0.3)%	(0.7)%	(0.8)%	5.8%	0.6%	(0.6)%	**2.9%**
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%**

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

The Fund declined by 8.2% in ZAR (17.7% in USD as the bulk of the Fund exposure is in non-ZAR denominated assets) in the second quarter of 2022 (Q2-22). There were several drivers behind this very disappointing performance, including weak global equity markets (MSCI World down 16.2% in USD in the quarter) as the world continues to grapple with elevated inflation, which is impacting consumer confidence and leading to elevated recession risks.

We are acutely aware of the more recent poor absolute returns generated by the Fund, but we believe that the collection of assets held by the Fund still offers extremely compelling long-term risk-adjusted returns with which to deliver on its goal of compounding capital well ahead of inflation. It is worth noting that, in order to deliver on this long-term goal, investors in the Fund can expect periods of underperformance as has been the case before. And often these periods of underperformance are followed by periods of significant outperformance. With this in mind, the Fund's weighted average equity upside is currently 114%, which is one of the highest levels since inception nearly 23 years ago. Over the past five years, the Fund has generated a positive return of 4.3% per annum (p.a.), 11.1% p.a. over 10 years, and 12.3% p.a. since inception over 20 years ago.

There is an evident level of fear in the market today, driven by increasing uncertainty of the future and rampant inflation across the world, especially developed countries where inflation hasn't been experienced at these levels in decades. In environments such as these, it becomes even more important to ensure your investments generate real returns to protect your purchasing power. While equities have performed poorly in the short term, they remain a critical tool in generating inflation-beating returns against this backdrop of higher inflation. However, the need to be selective becomes even more important, and we think the current environment is well suited to stock picking. This is further supported by the fact that synchronised selling frequently occurs in times of stress and often provides very attractive opportunities, as it rarely makes sense for the value of all businesses to move in sync.

The Fund is positioned to take advantage of this environment with exposure to a broad array of what we deem very attractive assets, with us (more recently) buying loss-making long duration stocks. As such, exposure to these assets moved from 4.6% of Fund in March 2022 to 10.1% of Fund at the end of the quarter, and 11.6% at the time of writing. Examples of businesses in this category (that are owned by the Fund) are trading at extremely compelling valuations in our view, as shown in the following table.

EXTREMELY COMPELLING VALUATIONS

Business	Sector	1yr forward PE multiple on normal earnings*	5 year expected revenue growth
Delivery Hero	Online food delivery	6.9	34%
Auto1	Online used car retail	6.0	21%
Uber	Online mobility and food delivery	9.0	16%
Spotify	Online audio	13.5	17%
Coupang	Online retail	12.8	20%

Source: Coronation internal forecasts as at 23 June 2022

** An estimate of the long-term earnings power of the business*

During the quarter, the largest positive contributors were Naspers (+23%, 1.09% positive impact), JD.com (+14%, 0.62% positive impact), and a collection of index put options (collectively +1.33% positive impact). The largest negative contributors were Amazon (-35%, 1.03% negative impact), AngloGold (-38%, 0.97% negative impact) and SA government bonds (-16%, 0.96% negative impact).

Amazon came under pressure as growth in the retail business slowed, but off what can be considered a high base, along with operational missteps by management overestimating their fulfilment capacity needs, leading to excess costs which has pressured retail margins. While operational mishaps are always disappointing, the Amazon management team has a long-term track record of exceptional execution, and after having acknowledged these mistakes, they are actively correcting for them. We therefore do not feel the long-term earnings power of the business has been impacted, yet the share price has meaningfully corrected, providing us with a buying opportunity. Amazon now trades on ~26x 2023 earnings if you normalise retail margins – this is compelling in our view as the cloud business remains in rapid growth mode, with only ~30% of IT workloads having migrated to the cloud. We believe little value is being ascribed to the core retail business after its operational missteps.

The Fund ended the quarter with 75% net equity exposure, slightly lower than the prior quarter end as our put option protection reduced equity exposure. The put option protection at time of writing was 11.9% of Fund (effective) which is at the high end of where it has been historically, given the above-normal risks and a resultant wider range of potential outcomes in the world right now.

Our negative view on global bonds remained unchanged, but as rates have begun to rise, opportunities are emerging. We still do not feel that they look attractive yet, and do not compensate you for the risks undertaken, which are increasing due to inflation and rising interest rates. However, we continue to hold SA government bonds that now represent 6.3% of Fund. Our view on the SA fiscal situation has improved somewhat. Coupled with the fact that we are receiving a ~11% yield on these bonds, this is attractive in our view. Furthermore, considering that inflation within SA remains relatively lower vs that in the developed world, the real yields of SA government bonds are amongst the highest in the world.

The Fund continues to have a physical gold position of 3% and a 1.8% holding in AngloGold Ashanti, amounting to a total gold exposure of just under 5%. The gold price is up 3% in USD for the first half of the year, and we continue to hold the position for its diversifying properties in what we characterise as a low visibility world with increasingly visible inflation and geopolitical risks. AngloGold Ashanti has given back some of its strong gains from the first quarter and remains attractive due to the likelihood of operational improvements under the newly appointed CEO. This should lead to improved business performance, with the business trading on a 7x PE. The balance of the Fund is invested in cash, largely offshore.

Notable increases in position sizes (or new buys) during the quarter were Uber (online taxi/food delivery), Adyen (fintech payment) and Nvidia (semi-conductors), thus largely focused in the areas of the market that have been hit the hardest and where we are now finding some of the best value.

Uber is a business that most consumers have interacted with due to its provision of high-frequency services such as ride hailing and food delivery. The business IPO'd in May 2019 and currently trades 45% below its IPO price. Revenue is up more than 2 times since then, but Uber has been notorious for its inability to generate sustainable profits and free cash flow. We feel this is changing, with the ride hailing business now consistently profitable, with further upside expected as they leverage the significant driver supply investments made in the past 12 months, along with the food delivery business heading towards profitability. We therefore expect both the profitability and free cash flow of Uber to inflect in the next 12-18 months, with management explicitly focusing on this as well. We also believe the business inherently has high incremental margins, due to its ability to grow without material further investments in its fixed cost base. As indicated above, if you consider the normalised earnings power of the business, its valuation is extremely compelling.

Adyen is a payment business that effectively solves the problem of merchants having to deal with multiple different payment options both online and offline. They provide a unified solution whereby the merchant can accept a vast array of different payment methods without any complexity or having to deal with multiple parties. This results in higher payment completion rates (and revenue for the merchant) which drives merchant loyalty, resulting in Adyen having an annuity-like revenue stream. The business was founded in 2006 and over the past 16 years has amassed significant scale processing over EUR600bn in annual payment volumes today. This scale has allowed them to generate very healthy EBIT margins of ~60%, which should move higher over time due to the high incremental margins the business generates, along with increasing scale benefits. Its share price is down ~45% from its peak, providing us with a compelling opportunity to buy into a business that we feel offers both an attractive valuation and significant long-term growth potential as the transition away from cash continues and merchants look for simple solutions to service the multitude of digital payment methods proliferating across the world.

Nvidia is a semi-conductor design business that initially rose to prominence due to their gaming computer chips but has also become integral to the high-performance computing industry with their chips powering a large proportion of data centres running compute-intensive applications. Nvidia has also developed a software eco-system which runs on their hardware, both improving the performance of their hardware solutions and enabling them to deliver a differentiated and hard-to-replicate product. The business is a critical enabler of the continued digitisation trend, which is structurally supported by mega trends such as the continued proliferation of AI within computing applications. We have followed the business for many years, but its valuation has always been the constraining factor in making an investment. However, Nvidia's share price has halved from its peak, with its valuation now being more compelling at 25x forward earnings for a business that should exhibit long duration growth, with a competitive position that is incredibly difficult to dislodge.

There remains an elevated number of unknowns today compared to the past due to a potential structural change in inflation rates across the globe, along with geopolitics bringing about another element of risk. We remain aware of these risks, and they are factored into our portfolio construction, but the primary focus remains bottom-up analysis of individuals businesses. Against this uncertain 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 in a variety of future scenarios.

Portfolio managers
Gavin Joubert and Marc Talpert
as at 30 June 2022

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 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 the 12 months to end of the previous financial year (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.