

CORONATION GLOBAL EQUITY SELECT [ZAR] FEEDER FUND

Fund Information as at 31 May 2022

WHAT IS THE FUND'S OBJECTIVE?

Global Equity Select aims to give investors access to the best opportunities in global equity markets. The fund is biased to developed markets and actively seeks out attractively valued shares to maximise long-term growth. Our intent is to outperform the global equity benchmark over all periods of five years and longer.

WHAT DOES THE FUND INVEST IN?

The fund invests in the shares of companies listed on equity markets around the world. The fund has a bias towards developed markets, typically holding at least 70% in developed market shares and up to 30% invested in shares listed in emerging markets. While our intent is to remain fully invested in shares, the fund is allowed to hold up to 20% of its portfolio in cash and bonds.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



Maximum growth/ minimum income exposures



Global Equity Select will only invest in shares we view as being attractively valued relative to other shares 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. Global currency movements may intensify investment gains or declines.

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

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

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 listed in global markets outside South Africa;
- ▶ 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 to add exposure to global equity markets;
- ▶ do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% is payable.

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

Only the component of the fund fee charged at feeder fund level is subject to VAT.

Fund expenses that are incurred in the fund include administrative, trading, custody and audit charges. All performance information is disclosed after deducting all fees and other fund costs. We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?



NEIL PADOA
BEconSci (AcSci),
FFA, CFA



HUMAIRA SURVE
BScEng, MBA, CFA

GENERAL FUND INFORMATION

Launch Date	30 April 2015
Fund Class	A
Benchmark	MSCI All Country World Index
ASISA Fund Category	Global – Equity – General
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORGESA
ISIN Code	ZAE000202115
JSE Code	CGEFA

CORONATION GLOBAL EQUITY SELECT [ZAR] FEEDER FUND

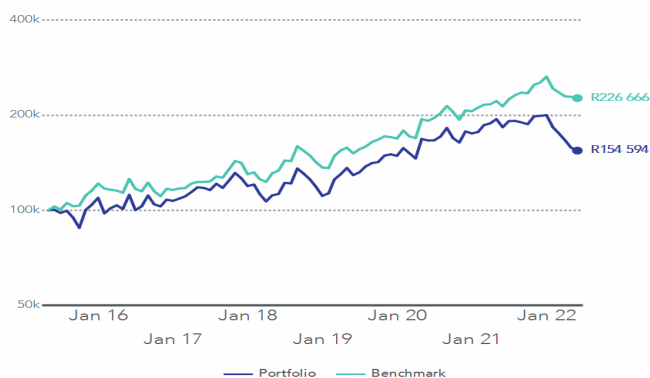
CLASS A as at 31 May 2022

ASISA Fund Category	Global – Equity – General
Launch date	30 April 2015
Fund size	R843.66 million
NAV	154.60 cents
Benchmark/Performance	MSCI All Country World Index
Fee Hurdle	
Portfolio manager/s	Neil Padoa and Humaira Surve

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.33%	1.27%
Fund expenses	1.15%	1.15%
VAT	0.11%	0.06%
Transaction costs (inc. VAT)	0.06%	0.06%
Total Investment Charge	0.08%	0.14%
	1.41%	1.41%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



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

	Fund	Benchmark
Since Launch (unannualised)	54.6%	126.7%
Since Launch (annualised)	6.3%	12.2%
Latest 5 years (annualised)	5.6%	13.0%
Latest 3 years (annualised)	6.1%	14.4%
Latest 1 year	(15.7%)	6.2%
Year to date	(22.8%)	(14.4%)

PORTFOLIO DETAIL

GEOGRAPHIC ASSET ALLOCATION EXPOSURE

Sector	31 May 2022
Equities	100.0%
North America	66.7%
Asia	18.4%
Europe	14.6%
South Africa	0.3%

TOP 10 HOLDINGS

As at 31 Mar 2022	% of Fund
Canadian Pacific Railway Ltd	6.1%
Charter Communication A	5.2%
Alphabet Inc	5.2%
Visa Inc	4.6%
JD.com Inc ADR	4.4%
Amazon Com Inc	4.3%
Prosus Na	3.7%
Canadian National Railway Co	3.4%
Microsoft Corp	2.9%
Facebook Inc.	2.7%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.3%	15.3%
Sharpe Ratio	0.08	0.48
Maximum Gain	24.5%	18.0%
Maximum Drawdown	(22.8%)	(14.7%)
Positive Months	56.5%	55.3%

	Fund	Date Range
Highest annual return	39.0%	Feb 2019 - Jan 2020
Lowest annual return	(18.8%)	May 2021 - Apr 2022

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(8.4)%	(4.2)%	(5.0)%	(5.4)%	(2.1)%								(22.8)%
Fund 2021	1.2%	5.0%	1.3%	3.1%	(5.7)%	4.6%	0.1%	(1.1)%	(1.3)%	5.8%	0.4%	0.5%	14.3%
Fund 2020	5.8%	(3.5)%	(3.9)%	15.3%	(1.1)%	0.1%	2.9%	6.4%	(7.1)%	(3.1)%	8.4%	(1.5)%	17.7%
Fund 2019	1.9%	10.6%	3.9%	4.6%	(5.1)%	2.1%	4.4%	2.5%	0.7%	4.8%	1.0%	(1.1)%	33.9%
Fund 2018	1.1%	(6.7)%	(5.2)%	4.4%	1.1%	8.4%	(0.4)%	11.4%	(3.5)%	(4.2)%	(5.3)%	(6.4)%	(6.9)%

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

Global equity markets were weak during the first quarter (Q1-22), falling 5.4%. The S&P 500 Index outperformed the global index, and both emerging markets and Europe underperformed; the latter performing more poorly post Russia's invasion of Ukraine in late February. Oil and commodity prices increased significantly due to fears over supply disruption from Russia. China resumed strict lockdowns as Omicron began its rapid spread in the country. More positively, Chinese Vice Premier, Liu He, pledged more predictable and transparent regulations. Inflation surprised to the upside, with US CPI reaching 8.5% at the end of March, preceding rapid increases in interest rates.

The Fund's return disappointed, falling 10.7% in Q1-22. Our holdings in Chinese companies continued to hurt, as did the 20% return of the energy sector within the quarter to which the Fund had very little exposure. While we constantly re-assess our holdings, especially in a period of vicious swings in the macro environment such as now, we believe the return potential embedded within the Fund to be very attractive and well above normal.

The North American rails and US health insurers were contributors to performance. We detail developments regarding the latter below.

Anthem and UnitedHealth, the US health insurers, were both positive contributors to performance during Q1-22 as several market fears proved unfounded.

First, concerns about increasing medical loss ratios (medical costs as a percentage of revenue) were allayed. Both stocks benefited from the decline in Omicron infection levels during the quarter and intra-quarter commentary from Anthem that medical costs were developing better than their internal expectations. Should any significant unexpected pent-up medical procedure demand emerge, the insurers can reprice their business, and we would expect little impact on the long-term earnings power of these businesses.

Secondly, at the same conference appearance, Anthem reiterated that they were seeing one of their best commercial enrolment seasons ever, further evidence that its strategy of reinvesting into benefit structures and product offerings under CEO Gail Boudreaux is delivering results.

Fears that the Biden administration would seek to limit Medicare Advantage rate increases proved unfounded, highlighting the bipartisan political support for the program. After quarter-end, the final rate updates for Medicare Advantage, the first under the Biden administration, were notably better than feared. Medicare Advantage is a large and growing business for UnitedHealth and a growing contributor for Anthem.

Finally, the health insurance stocks also appeared to benefit from a rotation away from growth toward defensive stocks. Medical spending in the US has remained resilient during past periods of economic dislocation. The health insurers' earnings stream is thus largely, albeit not entirely, disconnected from the economic cycle. They are also modest beneficiaries of higher interest rates due to the large statutory capital and insurance float balances they hold to cover medical claims payable, upon which they earn interest income.

The principal near-term risk is the looming Medicaid enrolment reverifications that will occur once the public health emergency in the US is declared over. Reverification is the process to ensure that only those eligible for Medicaid are enrolled in it. The companies were allowed to delay reverification during the pandemic to assist citizens through the difficult period. Medicaid is a sizable

business for Anthem, but its diversified presence across all health insurance segments should see it recapture its fair share of lost Medicaid enrolment, potentially at more attractive margins.

Given the strength in the stocks, the margin of safety has reduced, but we believe they still offer attractive compounding long-term returns, with earnings expected to grow in the low- to mid-teens a year over the medium term.

Auto1 was also a significant detractor in the quarter. However, the strategic progress of the business has been sound since its IPO.

To illustrate, revenue and gross profit grew by 69% and 51%, respectively in 2021. Auto1 sold 597,000 cars during the year, making it the biggest trader of cars across the European Union (EU). That said, their current market share of EU wholesale and retail units is only 2%, which highlights the significant long-term growth opportunity from continuing to increase their market share in a large and highly fragmented market that is ripe for disruption. The CEO, who is also a founder of the business, targets a 10% market share long-term.

Growth was especially strong in Autohero, which is Auto1's recently launched consumer-facing online used car retail platform. Giving consumers the confidence to buy used cars online is key to unlocking the significant long-term growth potential, given that only 1% of consumers make online purchases of cars in Europe, making used cars one of the last frontiers for online retail. Autohero unit sales increased by 308% in 2021, with the company expecting volumes to double this year. Unit economics are also improving. Gross profit per car increased by 64% last year, but there is still a significant runway for further improvement. Guidance for Q1-22 gross profit per unit is €700 compared to €255 in Q1-21. Its Net Promoter Score (NPS) increased from 53 to 69 during the year. The improved unit economics and NPS give us confidence that Auto1 is on the right track to unlocking its growth potential.

Auto1 is currently loss-making at the group level, given the significant investment in marketing and the Autohero business's in-house refurbishment. Both are bearing fruit, with brand awareness growing strongly and the company seeing cost savings of 30% from refurbishing in-house rather than through external vendors. The company is well capitalised (€721m net cash), which provides the necessary firepower for the investment phase. The company guided that it will reach EBITDA breakeven by the end of 2023 due to the benefits of its growing scale and ongoing improvement in unit economics.

Auto1 is a long duration asset, but one that is solving a real problem: lowering prices for consumers and dramatically improving the consumer experience of purchasing used cars. We think it is attractively valued, with significant upside at current prices.

In our view, the recent tumult in equity markets has increased the opportunity for stockpickers. As highlighted above, we find the return potential embedded within the portfolio to be very attractive, and this is reflected in the portfolio's upside to fair value, which, at over 60%, is both high in absolute terms and relative to the Fund's history.

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

Portfolio managers
Neil Padoa and Humaira Surve
as at 31 March 2022

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

The Global Equity Select [ZAR] Feeder 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. The top 10 holdings are reflected on a look-through basis. A feeder fund invests in a single fund of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of the current financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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