

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



Maximum growth/ minimum income exposures



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.

This feeder fund aims to remain fully invested in units in the Global Optimum Growth Fund, which is domiciled offshore. The only other assets that will be held at feeder fund level is local and foreign cash for liquidity purposes.

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
Income Distribution	Semi-annually (March & September)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COROPTG
ISIN Code	ZAE000019782
JSE Code	CNOG

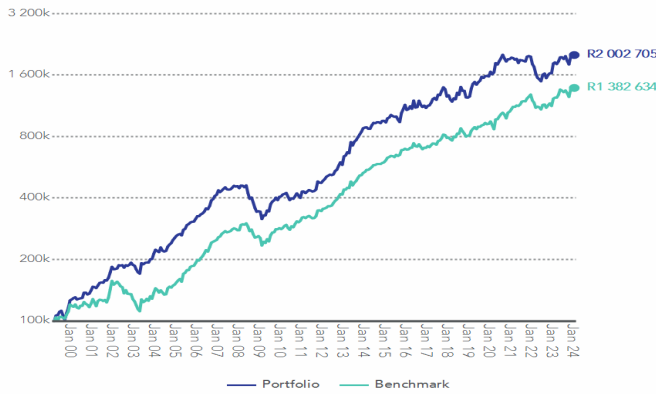
CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

CLASS A as at 31 January 2024

ASISA Fund Category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R11.60 billion
NAV	15759.42 cents
Benchmark/Performance	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
Fee Hurdle	MSCI EM, 30% BGBA
Portfolio manager/s	Gavin Joubert and Marc Talpert

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)	1902.7%	310.8%	1282.6%
Since Launch (annualised)	12.8%	5.9%	11.2%
Latest 20 years (annualised)	11.6%	5.5%	11.9%
Latest 15 years (annualised)	12.5%	5.2%	11.9%
Latest 10 years (annualised)	8.5%	5.1%	9.9%
Latest 5 years (annualised)	9.8%	5.2%	11.3%
Latest 3 years (annualised)	1.0%	6.1%	8.2%
Latest 2 year (annualised)	5.2%	6.2%	7.3%
Latest 1 year (annualised)	10.0%	5.6%	12.8%
Year to date	0.0%	0.3%	0.4%
Annualised Deviation	12.8%		11.0%
Sharpe Ratio	0.38		0.28
Downside Deviation	7.2%		5.8%
Positive Months	63.1%		62.8%
	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)	562.9%	88.6%	358.0%
Since Launch (annualised)	7.9%	2.6%	6.3%
Latest 20 years (annualised)	6.3%	2.6%	6.6%
Latest 15 years (annualised)	8.0%	2.6%	7.5%
Latest 10 years (annualised)	3.0%	2.8%	4.4%
Latest 5 years (annualised)	2.5%	4.1%	3.9%
Latest 3 years (annualised)	(5.8)%	5.6%	1.0%
Year to date	(1.1)%	0%	(1.6)%

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2024	0.0%												0.0%
Fund 2023	11.7%	1.3%	(1.9)%	3.0%	4.8%	0.1%	(2.0)%	3.3%	(5.1)%	(4.1)%	9.1%	1.9%	22.8%
Fund 2022	(8.1)%	(2.9)%	(7.5)%	(4.5)%	(1.7)%	(2.2)%	7.8%	1.3%	(5.1)%	3.7%	2.0%	(0.1)%	(17.2)%

Total Expense Ratio	0.97%	1 Year*	0.97%	3 Year	1.13%
Fee for performance in line with benchmark	1.00%		1.00%		1.00%
Adjusted for out/(under)-performance	(0.15)%		(0.15)%		(0.03)%
Fund expenses	0.06%		0.06%		0.07%
VAT	0.06%		0.06%		0.09%
Transaction costs (inc. VAT)	0.18%		0.18%		0.17%
Total Investment Charge	1.16%		1.16%		1.31%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jan 2024
Equities	76.0%
Europe	28.2%
North America	26.0%
Asia	14.2%
Latin American	7.2%
South Africa	0.4%
Real Estate	0.4%
Latin American	0.2%
South Africa	0.1%
Europe	0.1%
Bonds	10.4%
North America	5.9%
Europe	4.5%
Cash	13.2%
USD	11.9%
Other	1.2%
ZAR	0.1%

TOP 10 HOLDINGS

As at 31 Dec 2023	% of Fund
Airbus Group Se	3.4%
Prosus Na	3.2%
JD.com Inc	3.1%
Canadian Pacific Railway Ltd	2.8%
Heineken Holdings NV	2.6%
HDFC BANK LIMITED	2.4%
Taiwan Semiconductor Man	2.3%
Amazon Com Inc	2.1%
INTERACTIVE BROKERS GROUP	2.1%
ASML HOLDING	2.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
29 Sep 2023	02 Oct 2023	0.00	0.00	0.00
30 Mar 2023	03 Apr 2023	0.00	0.00	0.00

*This column shows the most recently available figures for the 12 months ending December 2023.

The 12-month TER for the financial year ending September 2023 was 0.97% which included a -0.15% adjustment for out/(under)

performance and a total investment charge of 1.15%.

Issue date: 2024/02/08

Please note that the commentary is for the retail class of the Fund. Our full range of rand-denominated offshore funds is temporarily closed to new investments via the South African Unit Trust product. Read more [here](#).

Performance

The Fund increased by 6.7% in ZAR in the fourth quarter of 2023 (Q4-23). The final quarter of 2023 was characterised by strong market returns as inflationary risks appear to be receding and thus the global rate hiking cycle is most likely over, with some market participants anticipating interest rate cuts. After a poor 2022, the Fund delivered solid returns in 2023 with a calendar year return of 22.8%. Notwithstanding this, we remain incredibly excited about the prospective returns for the Fund thanks to a diversified collection of attractive assets. Aggregate indices levels appear fully valued, and thus, we are not very optimistic about future aggregate market returns, especially in the US, but we continue to find compelling individual assets which should deliver robust absolute returns.

During the quarter, we saw a high level of market exuberance, triggered by what can be termed a Goldilocks scenario of receding inflation and expectations of either no recession or a minor one, which should be good for both the economy and the stock market. This market sentiment, however, makes us somewhat nervous as Goldilocks scenarios rarely play out as expected, and there remain material geopolitical risks on the horizon due to the upcoming US election, ongoing conflict in both the Middle East and Ukraine and a continued strained relationship between the US and China. While we don't have a strong view of how these risks might manifest and are always cautious about making definitive macroeconomic calls, it does not seem like the market is expecting many negative outcomes from these risks. The Fund, however, owns a collection of assets that are well diversified, with distinct drivers that should allow the Fund to generate good returns, notwithstanding any of these risks coming to fruition. This comes back to a key principle in how we manage risk, which is that the price you pay for an asset and the margin of safety embedded is our most effective risk mitigation tool. Considering this, the weighted average equity upside of the Fund is currently 63%, which remains extremely compelling. Beyond this, the weighted equity five-year expected IRR is 20%, and the weighted equity free cash flow (FCF) yield for stocks owned is just over 7%. Over the past five years, the Fund has generated a positive return of 10.1% per annum (p.a.), over 10 years a return of 8.6% p.a. and, since inception 24 years ago, 12.9% p.a.

During the quarter, the largest positive contributors were Adyen (+72%, 0.8% positive impact), Pinduoduo (+58%, 0.71% positive impact), and ASML (+27%, 0.58% positive impact). The largest negative contributors were Li Ning (-36%, 0.41% negative impact), 3R Petroleum (-14%, 0.23% negative impact), and St James's Place (-14%, 0.21% negative impact).

Fund positioning

Adyen's rebound is a good example of the mispricing of assets, which can happen in public markets. The Dutch payments company's share price lost 65% in value from its peak in a mere two months and then doubled over the next three months. The intrinsic value of the business did not materially change over this five-month period, yet the publicly quoted price oscillated dramatically. We did not own Adyen at its peak due to our view that it was overvalued, but it remained under coverage due to the inherent business quality and our wanting to own it at the right price. When the market provided us with an opportunity, we took advantage of it. We remain on the lookout for these opportunities and believe there are numerous companies currently held by the Fund that are mispriced – we have no insight into when these publicly-traded prices will converge with our assessment of intrinsic value, and this might not happen as rapidly as it did with Adyen, but we are happy to be patient while maintaining our valuation discipline.

The Fund ended the quarter with 80% net equity exposure, slightly higher than the prior quarter. The Fund does, however, have put option protection, equating to 5% of effective exposure (approximately 20% nominal exposure) spread across a range of indexes (US, Europe, and Emerging Markets).

As equity markets rallied in the quarter, so did bond markets, which benefited the Fund thanks to our recently increased bond positioning. The Fund still has ~10% exposure to sovereign and corporate bonds, a much higher level than in the past, thanks to the attractive yields on offer. The current weighted yield for the collection of bonds held is ~7%, or 9%, when excluding the

short-term (two-year) US Treasuries, which are seen as an alternative to cash. This level of yield in hard currency is far more attractive than what we have observed in the past decade.

We have limited exposure to real estate, with the balance of the Fund invested in cash, largely offshore.

Notable increases in position sizes (or new buys) during the quarter were Expedia (online travel agency), Elevance Health (US healthcare insurance) and Interactive Brokers (brokerage firm).

Expedia is the second largest online travel agency, with a large presence in the US but operating globally. Historically, it was managed worse than its closest peer, Booking.com, after the culmination of extensive M&A, which was not properly integrated. This began to change under new leadership, namely Peter Kern, who became the CEO in the midst of the Covid pandemic. A key aspect he addressed was Expedia's marketing spend and ensuring this was being centrally managed compared to at a brand level historically, leading to inter-company marketing competition and inefficient allocation of marketing dollars. The fruits of these efforts have begun to show via margin expansion and faster growth, driving significant FCF generation. This has allowed the business to authorise an aggressive share buyback programme amounting to \$5 billion, which was a third of the market cap when announced. Travel remains a structurally growing industry which should support mid-single-digit revenue growth at Expedia. When combined with margin expansion and a reducing share count (due to the share buyback), this should drive mid-teen EPS growth over the next few years, with the business trading on a 9% FCF yield.

Elevance is a US healthcare insurance business with significant scale. It is also pursuing a strategy of building a healthcare service business that has synergies with its insurance segment and should drive better patient outcomes and generate cost efficiencies. The healthcare service business has been built both organically and via M&A and already accounts for a quarter of group revenue. Elevance's business is fairly economically resilient, barring a major change in employment levels and generally exhibits high revenue visibility due to the contractual nature of the business. We expect EPS to compound at a mid-teens level, with the business currently trading on 13 times 2024 earnings, which we feel is compelling.

Interactive Brokers is a highly-focused global financial services business that provides the cheapest, most comprehensive and best broking platform, which has led to rapid client growth. Thanks to their technology investments, a large portion of client servicing is automated, which allows for scale benefits and leads to operating margins of 50-60%. The business derives income both via commissions from trading and net interest earned on various forms of lending secured by portfolios. Growth will continue to be driven by expansion in client accounts thanks to their low-cost offering. This should drive market share gains as peers cannot replicate the efficient cost structure of Interactive Brokers, which is also highly scalable and gives them a powerful moat. Earnings per share should compound at a low double-digit rate, with the business currently trading on 14 times 2024 earnings, which is attractive in our view.

Outlook

The calendar year 2023 was a period that started with most market participants expecting a recession in the US, which has not manifested. Current high-frequency data suggests the economic environment remains buoyant, with things heading for a soft landing. However, if the last few years have taught us anything, it is that forecasting economic outcomes remains tricky. There continues to be a large amount of uncertainty in the world. We remain of the view that the best way to mitigate against risk is via bottom-up investing in assets that are attractively priced. The Fund contains a collection of attractively priced assets that provide diversification to achieve the best risk-adjusted returns going forward in a variety of future macro scenarios.

Portfolio managers

Gavin Joubert and Marc Talpert

as agit 31 December 2023

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. 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 Asset Management (Pty) Ltd (FSP 548), 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 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

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