CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

Fund Information as at 31 August 2021

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

Global Managed aims to maximise long-term investment growth by investing in a range of opportunities available in public asset markets from around the world. Our intent is to outperform an equity biased benchmark over all five year periods.

WHAT DOES THE FUND INVEST IN?

Global Managed will have a bias towards shares, but can invest in a variety of assets including listed property, bonds and cash. The fund primarily invests in developed economies (including the US, Europe and Japan) but is also mandated to invest in emerging markets.

The intent is to keep the fund fully invested in foreign assets at all times. 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

6/10
Moderate

Maximum growth/
minimum income exposures

Growth Assets: 100%
Income Assets: 0%

Global Managed aims to achieve the best possible long-term growth for investors. Consequently, it will be have a sizeable exposure to shares, which typically offer the best returns over the long run.

Global Managed 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 Managed Fund, which is domiciled offshore. 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?

An investment term of more than five years is recommended.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- seek a single international investment that will give them access to some of the best opportunities around the globe;
- 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 0.85% is payable.

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 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?

NEIL PADOA
BEconSci (AcSci), FFA

HUMAIRA SURVE
BScEng, MBA, CFA

LOUIS STASSEN
BSc, BCom (Hons), CFA

GENERAL FUND INFORMATION

Fund Launch Date	29 October 2009
Fund Class	P (previously class B4)
Class Launch Date	1 October 2012
Benchmark	60% MSCI All Country World Index and 40% Barclays Global Bond Aggregate
Fund Category	Global – Multi-asset – High Equity
Regulation 28	Does not comply
Bloomberg Code	COGLMB4
ISIN Code	ZAE000170411
JSE Code	CGMB4

CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

CLASS P as at 31 August 2021

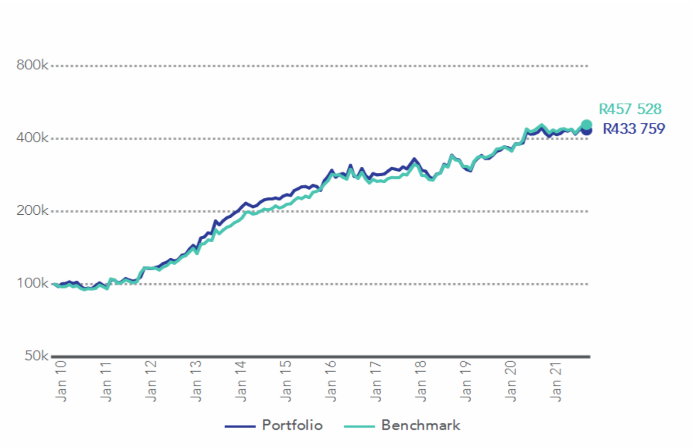
CORONATION
TRUST IS EARNED™

Fund category	Global - Multi Asset - High Equity
Launch date	01 October 2012
Fund size	R 8.41 billion
NAV	425.26 cents
Benchmark/Performance Fee Hurdle	Composite: 60% MSCI All Country World Index & 40% Barclays Global Bond Aggregate
Portfolio manager/s	Neil Padoa, Humaira Surve and Louis Stassen

	1 Year	3 Year
Total Expense Ratio	0.94%	0.94%
Fund management fee	0.85%	0.85%
Fund expenses	0.09%	0.09%
VAT	0.00%	0.00%
Transaction costs (inc. VAT)	0.15%	0.11%
Total Investment Charge	1.09%	1.05%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2021
Equities	59.3%
Infrastructure	5.8%
Property	2.5%
Convertible Bonds	1.2%
High Yield Bonds	5.7%
Commodities	7.4%
Merger Arbitrage	3.2%
Hedged Equity	3.8%
Fixed Income	9.8%
T-Bills	3.0%
Inflation break-evens	1.7%
Investment Grade	5.1%
Cash	1.3%

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

	Fund	Benchmark	Active Return
Since Launch (unannualised)	333.8%	357.5%	(23.8%)
Since Launch (annualised)	13.2%	13.7%	(0.5%)
Latest 10 years (annualised)	15.3%	16.1%	(0.8%)
Latest 5 years (annualised)	7.6%	9.5%	(1.9%)
Latest 3 years (annualised)	8.3%	10.4%	(2.2%)
Latest 1 year	(2.2%)	0.1%	(2.3%)
Year to date	4.4%	7.1%	(2.7%)

TOP 10 HOLDINGS

As at 30 Jun 2021	% of Fund
Charter Communication A	2.8%
Facebook Inc.	2.7%
Alphabet Inc	2.7%
Philip Morris Int Inc	2.3%
Alibaba Group Holding	2.2%
Airbus Group Se	2.2%
Vinci Sa	2.1%
Naspers Ltd	2.1%
Jd.com Inc Adr	2.1%
Visa Inc	2.0%

RETURNS VS BENCHMARK (AFTER FEES) (USD)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	134.0%	146.0%	(12.0%)
Since Launch (annualised)	7.4%	7.9%	(0.5%)
Latest 3 years (annualised)	8.7%	10.8%	(2.1%)
Latest 1 year (annualised)	14.4%	16.8%	(2.3%)
Year to date	5.9%	8.3%	(2.4%)

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.3%	12.3%
Sharpe Ratio	0.55	0.64
Maximum Gain	23.0%	24.8%
Maximum Drawdown	(17.5)%	(14.0)%
Positive Months	61.3%	61.3%

	Fund	Date Range
Highest annual return	49.6%	Jan 2013 - Dec 2013
Lowest annual return	(7.3%)	Apr 2017 - Mar 2018

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	1.2%	2.8%	(0.6)%	1.8%	(4.6)%	3.9%	1.4%	(1.5)%					**4.4%**
Fund 2020	5.8%	(0.2)%	1.0%	10.7%	(1.7)%	0.1%	1.8%	4.1%	(5.1)%	(3.0)%	3.5%	(1.6)%	**15.4%**
Fund 2019	(1.2)%	8.6%	3.9%	2.5%	(2.9)%	0.2%	3.0%	3.9%	1.1%	3.2%	(0.7)%	(2.0)%	**20.8%**
Fund 2018	(0.8)%	(4.9)%	(2.4)%	4.7%	1.2%	8.6%	(2.0)%	11.3%	(3.7)%	(0.8)%	(6.1)%	(2.8)%	**0.8%**
Fund 2017	0.3%	0.5%	2.8%	2.6%	(0.7)%	(1.0)%	3.3%	(2.0)%	4.6%	5.2%	(4.3)%	(6.4)%	**4.4%**

Issue date: 2021/09/09

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

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.

Equity markets continued to march higher in the second quarter, returning 7.4%. This brings the recovery from the Covid-19 lows in March last year to approximately 90%. The bond market recovered some of its first-quarter sell-off, gaining 1.3%.

Against this backdrop, the Fund returned 4.3% for the quarter, marginally behind the benchmark return. The Fund has returned 24.9% (1.5% ahead) over one year (with the strong market recovery evident), 9.2% p.a. over five years, and over 10 years the return is 6.7% p.a., slightly lagging the benchmark.

For the quarter, the primary contributors to return were:

- Equity holdings, which returned 6.5%
- Fixed interest, which returned 1.6%
- Property, which returned 9.7%
- Infrastructure, which returned 7.1%

Equifax, one of the three largest US credit bureaus, is a more recent addition to the portfolio but has contributed to performance from the get-go. Credit bureaus collect information on effectively all credit-active individuals and sell this data and associated analytics to banks and other credit providers who use it to gauge the riskiness of a loan. These are advantaged businesses – high barriers to entry, pricing power and operating leverage translate into highly recurring, highly profitable revenue streams. At the time of our purchase, we did not think the market fully appreciated an inflection in Equifax's growth.

Equifax had lagged the rest of the sector since it fell victim to a large-scale data breach in 2017, where personal information on 148 million individuals was compromised. This event spurred significant change in their business. Under a new management team, Equifax has spent $1.25bn on a new IT platform, moving all its data and applications into the public cloud. While this has been a painful process, it has allowed the company to reduce costs and materially accelerate the pace of new product development. We saw concrete evidence of this towards the end of 2020 and further momentum early in 2021.

Equifax's biggest differentiator, though, in our view, is its Workforce Solutions business (EWS). Painstakingly built over a number of years by building relationships with employers and payroll service providers, Equifax has the largest national employment and income verification database. During the past year, Equifax surpassed a key level of having more than half the non-farm US payroll in its database. In our view, this business has reached a tipping point where the penetration is sufficiently high for clients to embed EWS in their workflow, resulting in more frequent usage and sticky relationships. Despite its dominance (no competitor comes close), there is still a long runway for growth for EWS, as they expand the dataset and launch new product applications.

Finally, Equifax is heavily exposed to the mortgage market. With interest rates remaining low, a wave of mortgage refinancing over the past year has increased demand for credit reports and employment verification. Equifax has benefited disproportionately from this growth in the mortgage market, and there is some justified concern that revenue growth could stall when the mortgage market cools. We claim no special insight in guessing when that may be but believe the long-term penetration growth in EWS, as well as a cyclical recovery in non-mortgage related lending, should provide sufficient offset. With the price up over 40% since March, we think many of these favourable characteristics are now closer to being priced in.

In contrast, JD.com is a long-standing position, owned since May 2014 when the company listed. JD is the second-largest e-commerce retailer in China, with 500m customers reported at the end of March compared to 387m in the comparable period a year ago, with management aiming to gain a further 100m in the year ahead. Customer growth has been driven by greater assortment and improvements in fulfilment. Their incredible logistics arm employs 200 000 people and has more than 1 000 warehouses, giving them almost complete geographical coverage of this massive country - all within their own control. More than 90% of orders are delivered either the same day or the next day. Customer loyalty is most evident when looking at purchase frequency and spend, which have increased four-fold and five-fold respectively since 2015.

JD has been effective in incubating new business units, with the most notable being JD Logistics (described above) and JD Health (an online health platform). Both have been separately listed successfully, with the holding company retaining 64% ownership in JD Logistics and 69% ownership in JD Health. This dynamic is important to consider when thinking about the implied valuation for the core retail business. The entire group has a market value of $118bn but the market value of their listed stakes ($50bn), together with the most recently reported net cash ($19bn), means the market values the retail arm at only around $50bn. The core retail business should generate $135bn in revenue this year at a 4% EBIT (earnings before interest and taxes) margin. We believe this margin is well below normal, which could potentially be high single digits. If you apply a conservative 6% EBIT margin and the statutory 25% tax rate, the core retail business trades on less than 9x earnings for this year. Even at the current 4% margins, the multiple is only 12x earnings for a company growing topline at 20% p.a. This analysis ignores other balance sheet investments that they have, namely, JD Technology (fintech and cloud) and JD Property, which is increasingly housing their physical logistics assets off balance sheet by bringing in capital partners.

A final point worth considering is that the increased scrutiny of the technology sector in China could potentially benefit JD's retail business. They have historically been hurt by "pick one" tactics, whereby a brand that sells on multiple platforms is penalised on Alibaba's platforms. These tactics have resulted in JD having an inferior assortment for some key categories, such as fashion and beauty products. With the banning of these tactics by the regulators, merchants have been free to sell all products on all platforms, which should further improve the customer value proposition. The share is down around 25% from its peak in mid-February this year and offers around 100% upside to fair value, in our view. This is extremely attractive in both absolute and relative terms, and JD is thus a 2.1% position in the Fund.

At quarter-end, the Fund was positioned with 75% in growth, or risk, assets comprised of the following:

- 59% effective equity
- 4% in property
- 5% in infrastructure
- 1.5% in convertible instruments
- 5% in high yield credit

The remaining 25% of the Fund is invested in either more stable assets or diversifying assets, which we think are attractive in their own right and have a lower correlation to equities:

- 7% in commodities
- 1.5% in inflation-linked bonds
- 6% in absolute return / hedged equity positions
- 10% in investment-grade fixed income

As highlighted in prior commentaries, we continue to feel the fundamental diversification evident in this portfolio construction is both more appropriate and more robust than that of the Fund's benchmark, which includes a 40% weighting to the global bond index. As a reminder, the bond index as a whole offers a low nominal expected return and a negative real return. Setting this meagre return against the risks, which we feel are significant, including huge budget deficits and elevated debt levels, suggests to us that this offers a poor risk-reward trade-off and that investors will do well to avoid these instruments. In our view, they will be better served over the long term by holding a blend of fundamentally attractive growth assets and more stable diversifying assets, as outlined above.

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

Portfolio managers
Neil Padoa, Humaira Survé and Louis Stassen
as at 30 June 2021

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

The Global Managed [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. 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. The 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 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. Growth charts are shown in logarithmic scale (base 2).

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 P NAV prices with income distributions reinvested. Class A NAV prices were used for the period prior to the launch of Class P. 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 September 2020 (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

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.