

CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

Fund Information as at 30 June 2023

WHAT IS THE FUND'S OBJECTIVE?

The Global Emerging Markets Flexible 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



Maximum growth/ minimum income exposures



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 ten 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 0.60% and a maximum of 2.00%, depending on the fund's performance, is payable.

If fund performance equals that of the benchmark (after fees and costs), a fee of 0.75% will be charged. We share in 20% of performance above the benchmark, up to a total annual fee of 2.00%. 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%.

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

IAKOVOS MEKIOS

Ptychion (BSc), MIA, IMC, CFA

GENERAL FUND INFORMATION

Fund Launch Date	28 December 2007
Fund Class	P (previously class B4)
Class Launch Date	1 April 2013
Benchmark	MSCI Emerging Markets Index
ASISA Fund Category	Global – Multi-asset – Flexible
Income Distribution	Semi-annually (March & September)
Bloomberg Code	CGEMFB4
ISIN Code	ZAE000175857
JSE Code	CGEMB4

CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

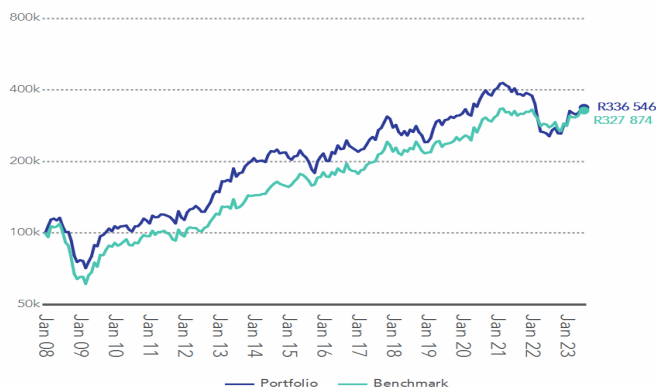
CLASS P as at 30 June 2023

ASISA Fund Category	Global - Multi Asset - Flexible
Launch date	01 April 2013
Fund size	R 5.81 billion
NAV	310.73 cents
Benchmark/Performance	MSCI Emerging Markets Index
Fee Hurdle	
Portfolio manager/s	Gavin Joubert, Suhail Suleman and Iakovos Mekios

Total Expense Ratio	1 Year*	3 Year
Fee for performance in line with benchmark	0.80%	1.28%
Adjusted for out/(under)-performance	0.75%	0.75%
Fund expenses	(0.15)%	0.28%
VAT	0.12%	0.10%
Transaction costs (inc. VAT)	0.09%	0.15%
Total Investment Charge	0.19%	0.17%
	1.00%	1.45%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark
Since Launch (unannualised)	236.6%	227.9%
Since Launch (annualised)	8.1%	8.0%
Latest 15 years (annualised)	7.9%	8.1%
Latest 10 years (annualised)	6.9%	9.9%
Latest 5 years (annualised)	4.3%	7.5%
Latest 3 years (annualised)	(2.6)%	5.2%
Latest 2 years (annualised)	(9.0)%	0.2%
Latest 1 year	31.7%	17.7%
Year to date	17.2%	16.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	17.2%	15.2%
Sharpe Ratio	0.08	0.08
Maximum Gain	25.4%	36.4%
Maximum Drawdown	(40.3)%	(44.2)%
Positive Months	55.9%	55.9%
	Fund	Date Range
Highest annual return	49.7%	Mar 2009 - Feb 2010
Lowest annual return	(37.5)%	Mar 2008 - Feb 2009

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2023	13.7%	(1.9)%	(1.4)%	1.2%	3.7%	1.6%							17.2%
Fund 2022	(7.5)%	(13.4)%	(11.8)%	(0.5)%	(1.3)%	(2.7)%	6.0%	2.2%	(5.0)%	(0.4)%	8.5%	1.0%	(24.0)%
Fund 2021	4.5%	0.7%	(2.2)%	(1.4)%	(4.9)%	3.5%	(5.5)%	0.1%	(1.5)%	2.8%	(1.2)%	(1.6)%	(7.1)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	30 Jun 2023
Equities	96.81%
China	23.39%
Brazil	10.58%
India	10.28%
South Korea	7.22%
France	6.26%
Taiwan	5.45%
Mexico	4.59%
United Kingdom	4.44%
Germany	3.81%
Netherlands	3.19%
Other	17.60%
Cash	3.04%
USD	2.00%
ZAR	0.59%
Other	0.48%
HKD	0.00%
EUR	(0.03)%
Real Estate	0.15%
Brazil	0.10%
China	0.05%

TOP 10 HOLDINGS

As at 30 Jun 2023	% of Fund
Prosus Na (China)	5.9%
Taiwan Semiconductor Man (Taiwan)	4.9%
Jd.com Inc (China)	4.4%
Housing Dev Finance Corp (India)	3.5%
Airbus Group Se (France)	3.1%
Sendas Distribuidora Sa-w/i (Brazil)	3.1%
Delivery Hero Se (Germany)	3.0%
Melco Crown Entertainment-adr (China)	2.5%
Grupo Financiero Banorte (Mexico)	2.3%
Naver Corp (South Korea)	2.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Jun 2023	03 Jul 2023	0.00	0.00	0.00
31 Mar 2023	03 Apr 2023	0.50	0.49	0.02

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

The 12-month TER for the financial year ending September 2022 was 0.82% which included a -0.15% adjustment for out/(under) performance and a total investment charge of 1.03%.

Issue date: 2023/07/14

Our full range of rand-denominated offshore funds is temporarily closed to new investments via the South African Unit Trust product. Read more [here](#).

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

The Fund returned 6.4% for the three-month period to 30 June 2023. This was slightly behind the 0.4% return of the benchmark MSCI Emerging Markets (Net) Total Return Index. Over the past one-year period the Fund has returned 31.1%, which is 13.3% ahead of the benchmark's return of 17.7%. The positive shorter-term returns have helped to reduce the underperformance caused by a difficult 15-month period (from end March 2021 to end June 2022), which resulted in the Fund underperforming materially in the shorter term, to the extent that longer-term relative returns have also been negatively affected. Since inception, the Fund has lagged the benchmark by a small margin (0.1% p.a.) net of fees.

The biggest contributor to relative return/alpha in the quarter was Brazilian digital bank Nubank. The stock returned 72% in the quarter, contributing 0.9% alpha. The driver of this share price return was a strong increase in profitability – Q1 2023 profits amounted to \$142m compared to a \$30m loss in the corresponding period last year. All operating metrics were very strong – with customer growth up 33% year on year (yoy) and 57% of customers using them as their primary banking relationship. Revenue per customer was up 31% yoy, with the cost to service them being flat. Volumes going through their credit cards were also up by almost 50%. All this translated into 90% revenue growth and hence the profit growth referred to above.

Nubank has now reached 46% of the adult population in Brazil within a period of nine years, but still has growth potential in Mexico and Colombia where they only have a share of 2% - 3% of the adult population. Even within Brazil, there is plenty of room to grow, given that while penetration of the adult population by Nubank is high, the number of Nubank products per client is still low. While Nubank is going from strength to strength, we have reduced the position significantly due to valuation: Nubank was over a 2% position at the start of the year and is now down to an 80bps position.

Another material positive contributor was Delivery Hero (37% return, 0.7% alpha contribution). The zero weight in Alibaba also added 0.6% alpha and Indian food delivery platform Zomato returned 56% in the quarter and contributed 0.4% alpha.

We also realised 41bps from the sale of one of the smaller Russian holdings (TCS), with the proceeds paid out in USD during the quarter. This is now the second Russian holding that we have managed to sell, with X5 Retail being the first earlier in the year, realising 17bps. We are currently working towards potentially realising value from the Fund's two largest Russian positions, Magnit and Yandex. While still not certain, it is possible that favourable outcomes with regards to these two stocks could result in more than 3% of return coming back.

The biggest detractor in the Fund was JD.com which, with a -17% return, had a -1% impact on alpha. This was followed by Naspers/Prosus: its 0.5% return cost -0.5% alpha (although this was fully cancelled out by not owning Tencent, which performed poorly in the quarter). At the time of writing, Naspers and Prosus had recently announced a scheme to end the cross-shareholding arrangement between the two companies that resulted from the various schemes they have undertaken to eliminate the massive discount at which they trade to Tencent and other underlying assets that make up their NAV. If approved by shareholders of the two firms, the end result will be Naspers owning 43% of Prosus, and Prosus no longer having any stake in Naspers. A key longer-term driver of the Prosus share price will be the continued sale of Tencent shares by the company (which owns 27% of Tencent) with the proceeds used to buy back its own (Prosus) shares. This (unlimited) share buyback has been going for just over a year, during which time Prosus has bought back a significant 15% of its shares in issue.

Other noteworthy detractors were SEA Ltd, Wuliangye Yibin and Xiabuxiabu Catering. Each of these holdings cost between 0.4% and 0.5% alpha in the Fund. It is fair to say that the Chinese reopening has not lived up to expectations, with most of the bounce in share prices subsequent to the reopening having fallen away.

MSCI China rallied 60% between late October and mid-January but has given up more than half the gains since then, leaving China as one of the big underperformers within the emerging markets universe. Investors remain concerned about low growth and the impact of the property market slowdown on the broader economy as well as banking system. While we share some of these concerns, the valuation levels of several Chinese stocks like JD.com are extremely attractive in our view. Three members of our team spent time in China during June, meeting with existing holdings and potential new ideas identified during the quarter, and they came back very positively inclined.

There were a number of new buys in the quarter: 3 in Brazil, 2 in China and 1 each in Singapore and South Korea. The largest new buy was Petro Rio (PRIO, 1.3% of Fund), the largest (by output) of the independent junior oil Exploration and Production (E&P) players in Brazil. The business also offers the highest projected production growth among the junior E&P players over the next five years and the shortest FCF payback period (in years).

Brazilian clothing retailer Lojas Renner (Renner) is a new 0.9% position. We owned Renner and other Brazilian clothing retailers several years ago but largely sold out of them in 2015/2016. The industry structure has materially changed since then, with greater consolidation among the physical retailers and far greater competition from ecommerce operators, including Fund holding MercadoLibre and super low cost online-only retailers like Shein. Despite having appreciated by around a third from the levels at which we started buying Renner this quarter (around R\$15), the share still offers attractive upside, trading at 16x forward earnings, with a 3% dividend yield.

Another noteworthy buy was a 1.1% position in South-east Asian internet group Grab Holdings. Grab is a super app offering ride hailing, food delivery, and digital financial services across much of South-east Asia, with its largest markets being Singapore, Indonesia, Thailand, Malaysia, Vietnam, and the Philippines. Grab generally has the #1 market share in mobility (in the 70% to 90% range) in its markets. It is also profitable, with low double-digit EBITDA margins as a percentage of Gross Merchandise Value. The company has a rock-solid balance sheet, with \$5bn in cash, which equates to around 40% of its market capitalisation.

Other new buys in the quarter were Chinese food delivery and super app Meituan Dianping (1.2%), Brazilian payment processor Stone Co (0.8%), Korean motor manufacturer Kia Motors (0.5%) and Chinese white goods appliance manufacturer Midea (0.4%).

There were also several sales in the quarter including Anta Sports in China, AB InBev, MediaTek in Taiwan, Bank Central Asia in Indonesia, PB Fintech in India and Brazilian education group YDUQS.

We remain very excited about the prospects for the Fund – most notably the weighted average upside for the Fund is still in the region of 73%, with a 21% IRR. This is well above the historical average for the Fund.

Portfolio managers

Gavin Joubert, Suhail Suleman, Iakovos Mekios
as at 30 June 2023

**Note that all fund and share price returns are quoted in ZAR.*

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 International Limited, a financial services provider authorised and regulated by the Financial Conduct Authority. 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. Coronation reserves the right to charge an exit penalty of 2% should withdrawals be made from the Fund within a period of less than 6 months from the time of investment in the Fund. This will apply to both initial and subsequent investments. Any exit penalty levied under this provision will be applied for the benefit of the remaining investors in 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 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 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.