CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

Fund Information as at 30 June 2023

CORONATION
TRUST IS EARNED™

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.

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 0.45% and a maximum of 2.00%, 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 0.60% will be charged.

We share in 20% of the outperformance above the benchmark, up to a maximum total annual fee of 2.00%. 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

Fund Launch Date	15 March 1999
Fund Class	P (previously class B4)
Class Launch Date	1 April 2013
Benchmark	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
ASISA Fund Category	Worldwide – Multi-asset – Flexible
Income Distribution	Semi-annually (March & September)
Bloomberg Code	COROPB4
ISIN Code	ZAE000175865
JSE Code	COGFB4

CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

CLASS P as at 30 June 2023

CORONATION
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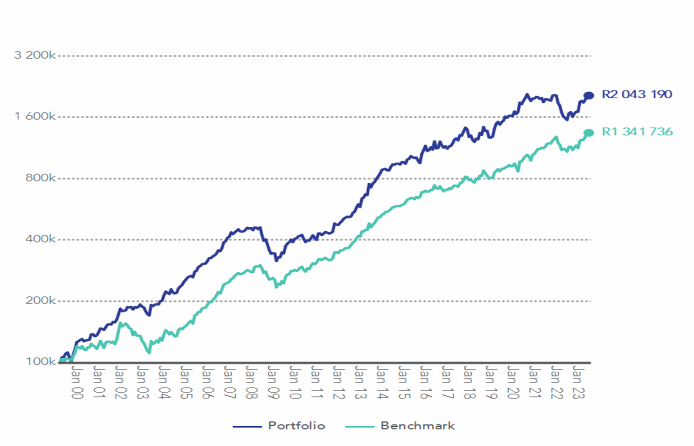
ASISA Fund Category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R13.81 billion
NAV	15607.40 cents
Benchmark/Performance Fee Hurdle	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
Portfolio manager/s	Gavin Joubert and Marc Talpert

	1 Year*	3 Year
Total Expense Ratio	0.54%	1.15%
Fee for performance in line with benchmark	0.60%	0.60%
Adjusted for out/(under)-performance	(0.15)%	0.37%
Fund expenses	0.09%	0.07%
VAT	0.00%	0.11%
Transaction costs (inc. VAT)	0.18%	0.15%
Total Investment Charge	0.72%	1.30%

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)	1943.2%	299.1%	1241.7%
Since Launch (annualised)	13.2%	5.9%	11.3%
Latest 20 years (annualised)	12.6%	5.5%	12.7%
Latest 15 years (annualised)	11.1%	5.3%	10.8%
Latest 10 years (annualised)	10.9%	5.2%	11.3%
Latest 5 years (annualised)	8.8%	4.9%	10.2%
Latest 3 years (annualised)	2.0%	5.9%	10.2%
Latest 2 year (annualised)	2.1%	6.4%	8.2%
Latest 1 year (annualised)	31.8%	5.4%	23.7%
Year to date	20.1%	2.5%	18.9%
Annualised Deviation	12.7%		11.0%
Sharpe Ratio	0.41		0.30
Downside Deviation	7.2%		5.8%
Positive Months	63.9%		62.9%

	Fund	Date Range
Highest annual return	51.9%	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)	567.2%	85.2%	340.7%
Since Launch (annualised)	8.1%	2.6%	6.3%
Latest 20 years (annualised)	7.5%	2.6%	7.6%
Latest 15 years (annualised)	4.7%	2.3%	4.4%
Latest 10 years (annualised)	3.9%	2.8%	4.3%
Latest 5 years (annualised)	2.1%	3.9%	3.4%
Latest 3 years (annualised)	(0.9)%	5.7%	7.2%
Year to date	7.8%	1.4%	7.4%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2023
Equities	**75.8%**
Europe	32.3%
North America	23.7%
Asia	14.7%
Latin American	3.7%
South Africa	1.3%
Real Estate	**0.3%**
Latin American	0.2%
Europe	0.1%
South Africa	0.0%
Bonds	**10.7%**
North America	5.5%
Europe	5.3%
Cash	**13.3%**
USD	10.5%
Other	2.8%
ZAR	0.0%

TOP 10 HOLDINGS

As at 30 Jun 2023	% of Fund
Airbus Group Se	3.9%
Prosus Na	3.8%
Heineken Holdings NV	3.7%
JD.com Inc	3.5%
Philip Morris Int Inc	2.9%
Canadian Pacific Railway Ltd	2.8%
Taiwan Semiconductor Man	2.5%
Capri Holdings Ltd	2.2%
Housing Dev Finance Corp	2.1%
Alphabet Inc	1.8%

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	2.51	0.00	2.51

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2023	11.7%	1.3%	(1.9)%	3.0%	4.9%	0.1%							**20.1%**
Fund 2022	(8.1)%	(2.9)%	(7.5)%	(4.5)%	(1.6)%	(2.2)%	7.8%	1.3%	(5.1)%	3.7%	2.0%	0.0%	**(16.8)%**
Fund 2021	1.8%	(0.5)%	(1.8)%	1.0%	(4.6)%	3.5%	(0.3)%	(0.6)%	(0.8)%	5.8%	0.6%	(0.5)%	**3.3%**

**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 0.55% which included a -0.14% adjustment for out/(under) performance and a total investment charge of 0.71%.

Issue date: 2023/07/14

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 8.1% in ZAR in the second quarter of 2023 (Q2-23). This continued improvement in short-term performance is encouraging, with the 12-month return now sitting at 31.2% in ZAR. Despite the strength of the short-term figures, we remain excited about the Fund's prospects as we feel the assets owned remain extremely attractively priced. During the quarter, some animal spirits returned to the market, but were fairly concentrated on what market participants are calling "AI beneficiaries". It resulted in seven mega cap stocks (Apple, Microsoft, Nvidia, Alphabet, Meta, Amazon, and Tesla) accounting for 85% of the S&P500 Index return year to date. This lack of breadth in market return is at historic highs, which implies the return of all 493 of the other S&P500 constituents has been anaemic. Fortunately, the Fund owned four out of these seven mega caps, but we have been reducing our exposure to these companies more recently as their risk-adjusted upside has become less attractive. At the end of June 2023, we had 4.93% exposure to these stocks versus 9.18% at the end of March 2023. This capital has been recycled into more attractive ideas, some of which are discussed in more detail below.

While market level valuations appear expensive, this is skewed by some of these mega caps, which have experienced material re-ratings in their valuation multiples, and thus we continue to find compelling investment opportunities outside of this group. As such, the weighted average equity upside of the Fund is currently 67%, which remains one of the highest levels since inception nearly 24 years ago. Beyond this, the weighted equity five-year internal rate of return (IRR) is 18% and weighted equity free cash flow (FCF) yield for stocks owned is 6%. Over the past five years, the Fund has generated a positive return of 8.3% per annum (p.a.), over 10 years a return of 10.5% p.a. and, since inception 24 years ago, 13.0% p.a.

During the quarter, the largest positive contributors were Alphabet (+15%, 0.48% positive impact), Uber (+36%, 0.47% positive impact), and Meta (+34%, 0.42 positive impact). The largest negative contributors were JD.com (-22%, 0.8% negative impact) and Capri Holdings (-24%, 0.65% negative impact).

Fund positioning

JD remains a 3.5% position in the Fund as we have been incrementally adding to it as it has underperformed. The valuation remains extremely compelling, trading at 5x FCF to enterprise value (EV). The business is undergoing a turnaround, including the return of its well-regarded founder (who owns 13% of the business) to the driving seat to reignite growth. Expectations are very low and there is a significant margin of safety due to the low valuation, and we believe, with some patience, shareholders can expect to be rewarded well in future.

Capri is another business undergoing an operational turnaround that involves actively reducing its exposure to the wholesale retail channel. Capri owns the Michael Kors brand, and this is where the operational turnaround is focused. The business also owns the iconic Versace brand and Jimmy Choo, both of which are underearning in our view. Capri trades on 5x earnings and continues to undertake what we deem are value accretive share buybacks due to the low valuation.

The Fund ended the quarter with 76% net equity exposure, down from 81% in the prior quarter. This reduction was partly driven by the above-mentioned reduction in our mega cap technology exposure and then we also bought more put protection on various indices during the period.

Both sovereign and corporate bond yields have dramatically increased across the world, presenting some interesting credit opportunities. We recently bought Quilter (a UK wealth manager) corporate bonds, which yield just under 9% in GBP. We also purchased UK government bonds yielding ~4.5% as a cash alternative, while continuing to buy short-dated US Treasuries yielding ~5.4%. Considering these attractive hard currency yields, we sold out of our South African government bond position as we believe the purchased bonds are more attractive from a relative risk perspective. In addition to these new purchases, we continue to hold Delivery Hero convertible bonds, which have a yield-to-maturity until 2027 of ~8% in EUR. The Fund now has ~11% exposure to sovereign and corporate bonds, a much higher level compared to the past, as we believe yields have now begun to rise to levels that compensate you for the risk taken.

We continue to have a 1% holding in AngloGold Ashanti due to the fundamental attractiveness of the business, but down from 2% in the prior quarter as its relative attractiveness has reduced versus other opportunities. The balance of the Fund is invested in cash, largely offshore.

Notable increases in position sizes (or new buys) during the quarter were Thermo Fisher (Life Sciences), Novo Nordisk (Healthcare) and Ryanair (low-cost airline).

Thermo Fisher is a business that provides the instruments, ingredients, and services to pharmaceutical and biotech companies to develop and manufacture drugs. The business has been built through M&A, the result of which is a significantly diversified business, both geographically and across product and service lines, which should make it more resilient. While M&A is a key component of growth, Thermo Fisher has a great track record in this respect and the market remains fragmented, providing them with a long runway for growth. The underlying end market of drug discovery and manufacturing is structurally supported by an increasing disease burden across society and the growth of biotech engineered drugs. Biotech funding has come under some pressure recently as the cost of capital has increased worldwide, thereby resulting in near-term growth slowing for Thermo Fisher. However, we believe this is cyclical as opposed to structural and the business should be able to grow earnings per share (EPS) in the mid-teens over the next few years. You can buy the business today on 20x earnings, which we believe is attractive considering this earnings growth.

Novo Nordisk is a healthcare company focused on diabetes care, but more recently has developed a drug that helps with weight loss. Diabetes is a global epidemic that is getting worse as societies become more affluent, and Novo Nordisk has a market-leading product (gaining market share) to address this disease that also has a structurally growing patient population. With the underlying demand for weight loss solutions very high globally, Novo Nordisk's new drug for weight loss Wegovy is showing promising results as it rolls out. This is a business that already has phenomenal underlying financial metrics, generating EBIT margins of >40% and a ROIC of ~60%, with EPS growth expected to be sustainably in the high teens, and potentially even higher should the weight loss drug garner global appeal. While the near-term multiple is fairly high at 26x, this unwinds quickly due to the strong EPS growth expected.

Ryanair is a low-cost airline operator (growing market share), with an unrelenting focus on cost control, allowing it to offer lower ticket prices to customers while earning industry-leading margins. Importantly for an inherently cyclical industry, Ryanair operates with a net cash balance sheet and has recently revamped its fleet and thus should experience falling capex going forward, while also leveraging the inherent cost efficiencies that come with newer fleets supportive of margins. The business should therefore generate significant FCF over the coming years. We estimate over EUR6bn in cumulative FCF should be generated over the next three years, which equates to roughly a third of the current market capitalisation, making the investment attractive with the potential for meaningful capital returns.

Outlook

The chance of a recession in the US and parts of the EU and UK, coupled with the consistent geopolitical tension globally, persistent high inflation and elevated interest rates are just some of the notable risks prevailing that will most likely drive continued market volatility. We remain aware of these risks, and they are factored into our portfolio construction. However, the primary focus remains bottom-up analysis of individual businesses. Against this uncertain backdrop, we remain excited about the outlook for the Fund, which has been built from the 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 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) (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 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.

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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