CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

Fund Information as at 31 December 2021

CORONATION
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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, CFA

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 December 2021

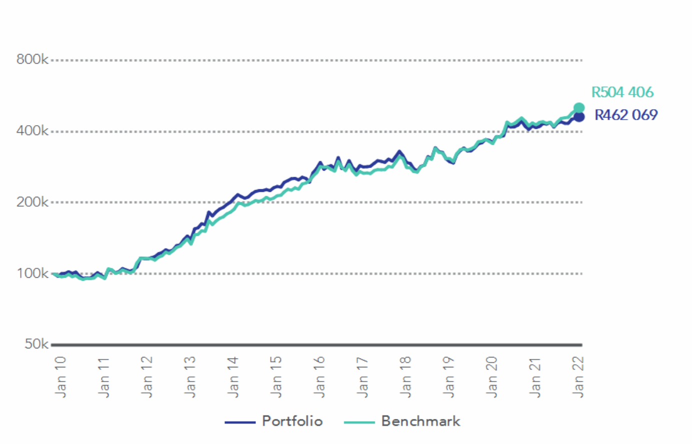
CORONATION
TRUST IS EARNED™

Fund category	Global - Multi Asset - High Equity
Launch date	01 October 2012
Fund size	R 8.82 billion
NAV	453.00 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	0.93%	0.94%
Fund management fee	0.85%	0.85%
Fund expenses	0.08%	0.09%
VAT	0.00%	0.00%
Transaction costs (inc. VAT)	0.08%	0.10%
Total Investment Charge	1.01%	1.04%

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)	362.1%	404.4%
Since Launch (annualised)	13.4%	14.2%
Latest 10 years (annualised)	14.8%	15.8%
Latest 5 years (annualised)	10.3%	13.6%
Latest 3 years (annualised)	15.7%	17.9%
Latest 1 year	11.2%	18.0%
Year to date	11.2%	18.0%

RETURNS VS BENCHMARK (AFTER FEES) (USD)

	Fund	Benchmark
Since Launch (unannualised)	126.1%	147.1%
Since Launch (annualised)	6.9%	7.7%
Latest 3 years (annualised)	11.8%	13.9%
Latest 1 year (annualised)	2.3%	8.8%
Year to date	2.3%	8.8%

PORTFOLIO DETAIL

ASSET ALLOCATION EXPOSURE

	31 Dec2021
Equities	61.6%
Infrastructure	5.9%
Property	1.5%
Convertible Bonds	1.6%
High Yield Bonds	5.4%
Commodities	8.2%
Merger Arbitrage	3.4%
Hedged Equity	3.0%
Fixed Income	7.5%
T-Bills	4.3%
Inflation break-evens	1.9%
Investment Grade	1.3%
Cash	1.9%

TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
Charter Communication A	3.2%
Alphabet Inc	3.1%
Prosus Na	2.8%
Canadian Pacific Railway Ltd	2.7%
Jd.com Inc Adr	2.7%
British American Tobacco	2.6%
Vinci Sa	2.3%
Visa Inc	2.2%
Facebook Inc.	2.1%
Anthem Inc	2.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.2%	12.1%
Sharpe Ratio	0.52	0.63
Maximum Gain	23.0%	24.8%
Maximum Drawdown	(17.5)%	(14.0)%
Positive Months	61.6%	62.3%

	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)%	(0.1)%	4.2%	0.7%	1.6%	**11.2%**
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: 2022/01/13

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.

Global equity markets ended the year on a high note, advancing 6.7%, bringing the gain for 2021 to 18.5%. Within equity markets, the S&P500 Index bested the rest of the world by the largest margin in two decades. A specific sub-set highlights the gap: the S&P500 Index returned 28.7% in 2021 compared to the MSCI Emerging Markets Index, which declined 2.5%. As a result of sustained outperformance, the US now represents over 60% of the MSCI All Country World Index, up from 45% in the early 2010s. Global bond markets fared less well than equities as inflation fears picked up and investors began to price in a series of rate hikes. The bond index (Bloomberg Barclays Global Aggregate Index) was negative for the quarter, bringing the full-year decline to -4.7%. According to LPL research, 2021 ranked the third-worst year for US bonds in four and a half decades.

For the Fund, 2021 was a story of two halves: a solid first six months followed by a weak second half. Despite being well positioned from an asset allocation point of view, with an overweight position in equities, no exposure to longer duration developed market government bonds, and a healthy allocation to commodities, stock selection disappointed. The Fund returned 0.5% for the quarter and 2.1% for the year. This is the second-worst relative performance versus the benchmark since the Fund's inception over 10 years ago. We're disappointed with these returns, and would like to apologise to investors for this underperformance. We do, however, remain confident about the current fund positioning and are encouraged by the potential future upside from the assets that we own in the portfolio.

With regards to stock selection, four areas are worth highlighting:

1. Chinese equities;
2. US cable stocks;
3. Businesses impacted by Covid-19, which should benefit from economies normalising (so-called re-opening stocks);
4. Not owning certain mega-caps like Apple (current market cap $2.8 trillion) and Nvidia (current market cap $675 billion), which returned 35% and 125%, respectively for the year.

So how have we responded? To jump to the answer first, all three of the main detracting 'themes' remain meaningful holdings for the portfolio today. However, the weights, and in some cases the composition, of each theme has changed as specific stocks were either bought or sold based on a reassessment of their relative risk-reward. For example, in Chinese equities, we added to JD.com while reducing Alibaba. We discussed China in depth in this *Corospondent* article and in the third quarter of 2021's commentary, and US cable stocks were covered in Q1-21 commentary (both of which are available on our website). This quarter, we will focus on Airbus – the comments below are specific to Airbus, but the market seems to be focused on near-term disruptions as opposed to long-term earnings power, which is a common theme across many businesses that Covid-19 is impacting. We think this dynamic is creating an interesting opportunity in select businesses.

Q4-21 was an eventful quarter for Airbus, as tends to be the case seasonally. The stock underperformed this quarter due to the emergence of the Omicron variant and the ensuing increased travel restrictions across different regions. Some airlines revised near-term plans in an already weak late autumn flying schedule although the pace of new customer bookings was relatively resilient.

The market was also somewhat captivated by whether Airbus would make its annual delivery target of 600 aircraft in 2021. At the time of writing, the company has not yet released official figures but it has reached the desired number for the year, according to the press. The late drive to achieve delivery targets is an annual fascination for some market participants but we view it as noise and observe it with indifference, other than for the potential buying opportunities it could present. The company has aimed to make its delivery plan less seasonal, but Covid-19 disruptions has set back that intention. Either way, demand for new aircraft is determined by long-term fundamentals while supply is affected by minor production issues which frequently occur due to the aerospace supply chain's complexity, but tend to be resolved in a matter of weeks or a few months. The lumpiness of monthly deliveries is, therefore, largely irrelevant to the intrinsic value of Airbus, despite the occasional severity of share price moves.

The most important long-term debate among investors and industry participants is about whether Airbus can or should increase its very successful narrow-body aircraft (A320neo family) production rate from the current level of mid-40 units per month to a record more than 70 by around mid-decade. A320s are the company's most important models, contributing almost the entirety of the Commercial division's EBIT and even when other programme's profitability ramps up, will be making up at least three-quarters of the total. Unnerved by naturally pessimistic views on the production ramp-up issue by lessors and aircraft engine OEMs, the market seems to be pricing a figure in the mid-50s. However, our analysis on demand and market share trends suggests that a rate close to 70 is feasible and there is further upside towards the end of the 2020s. Various pieces of anecdotal evidence support this (e.g. Allegiant Air's CEO in the US recently noted there are no free A320 production slots until 2026-28).

We continue to be bullish on Airbus' bolstered strategic position in the global duopoly coming out of the Covid-19 crisis, which combined with a strong balance sheet sets it up well for the next decade. We expect this to translate into strong earnings and free cash flow growth over several years and believe the shares remain attractively valued.

Liberty Media Corporation, which owns Formula 1, was a positive contributor. F1 is the third or fourth most-watched event on earth. So no doubt many readers will have witnessed the dramatic season finale where the two leading drivers (Lewis Hamilton and Max Verstappen) began the final race of the year tied on points. It was a high stakes race of winner takes all, and in a turn of events resembling a Hollywood-scripted drama, it all came down to the final lap. Excitement, drama, emotion, history and fierce rivalry such as this draws the crowds both track-side and on TV (increasingly direct to consumer on any device too) and is exactly what makes live sports valuable. We think F1 is a unique asset, and in the hands of Liberty (with John Malone as Chairman), the company has been undergoing a transformation over the last few years. While Covid-19 heavily impacted the last two seasons, if economies and societies start to normalise (as we expect), combined with the changes Liberty has been making, the value of this unique franchise should become evident. F1 has high barriers to entry, is currently under-monetised yet still exhibits fantastic economics with high margins and limited capex requirements resulting in strong cash conversion, has a dynamic new CEO Stefano Domenicali (with a background as CEO of Lamborghini and at F1 with Ferrari) and optionality from M&A and higher broadcast fees.

Looking at asset classes for the quarter, commodity holdings, infrastructure positions, and gold were the primary contributors to returns. At quarter-end, the Fund was positioned as follows:

- 62% effective equity;
- 6% in listed infrastructure assets;
- 8% in commodity-related assets split roughly equally between gold (the metal) and diversified miners;
- 7% in high yield fixed income;
- 8% in investment-grade fixed income.

The remaining 9% is invested across a range of other assets.

Our assessment of what most businesses in this portfolio are worth, is largely unchanged and, with many prices lower, the Fund's price-to-value gap has widened and expected returns are now higher. In contrast, the market has increased at a rate in excess of the underlying earnings growth, and such a re-rating would usually be a headwind to future returns. We are, therefore, cautiously optimistic about the returns embedded within the portfolio.

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

Portfolio managers
Neil Padoa, Humaira Surve and Louis Stassen
as at 31 December 2021

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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.

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 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