

CORONATION GLOBAL EQUITY SELECT [ZAR] FEEDER FUND

Fund Information as at 28 February 2021

WHAT IS THE FUND'S OBJECTIVE?

Global Equity Select aims to give investors access to the best opportunities in global equity markets. The fund is biased to developed markets and actively seeks out attractively valued shares to maximise long-term growth. Our intent is to outperform the global equity benchmark over all periods of five years and longer.

WHAT DOES THE FUND INVEST IN?

The fund invests in the shares of companies listed on equity markets around the world. The fund has a bias towards developed markets, typically holding at least 70% in developed market shares and up to 30% invested in shares listed in emerging markets. While our intent is to remain fully invested in shares, the fund is allowed to hold up to 20% of its portfolio in cash and bonds.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS



Global Equity Select will only invest in shares we view as being attractively valued relative to other shares 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. Global currency movements may intensify investment gains or declines.

This feeder fund aims to remain fully invested in units in the offshore domiciled Global Equity Select Fund. 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?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 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 listed in global markets outside South Africa;
- ▶ 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 to add exposure to global equity markets;
- ▶ do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.85% is payable. This full fee is collected in the underlying master fund with no fee charged in the feeder fund.

Only components of the fund fee charged at feeder fund level (if relevant) is subject to VAT.

The current provision for a fee discount of 0.35% p.a., if the fund underperforms its benchmark over any rolling 60-month period, will continue to apply to the new fixed fee until 31 March 2021

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 fund costs. We do not charge 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

GENERAL FUND INFORMATION

Launch Date	30 April 2015
Fund Class	P
Benchmark	MSCI All Country World Index
Fund Category	Global – Equity – General
Regulation 28	Does not comply
Bloomberg Code	CORGESP
ISIN Code	ZAE000202131
JSE Code	CGEFP

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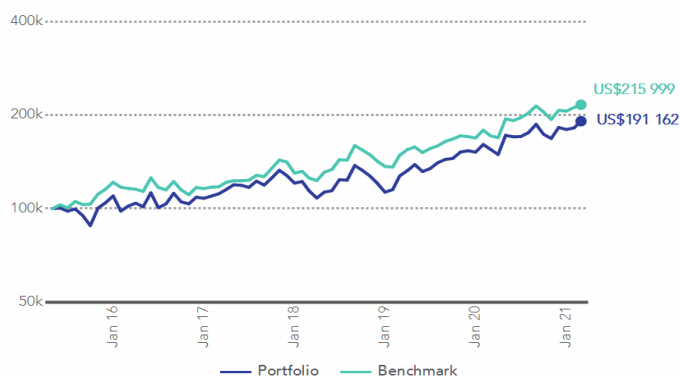
CLASS P as at 28 February 2021

Fund category	Global – Equity – General
Launch date	30 April 2015
Fund size	R949.57 million
NAV	191.09 cents
Benchmark/Performance	MSCI All Country World Index
Fee Hurdle	
Portfolio manager/s	Neil Padoa and Humaira Surve

Total Expense Ratio	1 Year	3 Year
Fund management fee	0.74%	0.85%
Fund expenses	0.66%	0.74%
VAT	0.08%	0.11%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.24%	0.19%
	0.98%	1.04%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



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

	Fund	Benchmark	Active Return
Since Launch (unannualised)	91.2%	116.0%	(24.8%)
Since Launch (annualised)	11.7%	14.1%	(2.4%)
Latest 5 years (annualised)	13.4%	13.2%	0.2%
Latest 3 years (annualised)	18.8%	19.8%	(1.1%)
Latest 1 year	23.1%	25.9%	(2.8%)
Year to date	6.3%	4.9%	1.5%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.9%	15.7%
Sharpe Ratio	0.34	0.55
Maximum Gain	24.6%	18.0%
Maximum Drawdown	(18.6%)	(14.7%)
Positive Months	58.6%	55.7%

	Fund	Date Range
Highest annual return	39.6%	Feb 2019 - Jan 2020
Lowest annual return	(6.5%)	Jan 2018 - Dec 2018

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	1.2%	5.1%											6.3%
Fund 2020	5.8%	(3.5%)	(3.8%)	15.3%	(1.1%)	0.2%	2.9%	6.4%	(7.1%)	(3.1%)	8.5%	(1.5%)	18.2%
Fund 2019	2.0%	10.6%	4.0%	4.7%	(5.0%)	2.1%	4.5%	2.5%	0.7%	4.9%	1.0%	(1.1%)	34.5%

PORTFOLIO DETAIL

GEOGRAPHIC ASSET ALLOCATION EXPOSURE

Sector	28 Feb 2021
Equities	99.3%
North America	48.6%
Europe	28.6%
Asia	17.8%
South Africa	4.0%
Latin American	0.3%
Cash	0.7%

TOP 10 HOLDINGS

As at 31 Dec 2020	% of Fund
Alphabet Inc	4.6%
Charter Communication A	4.3%
Airbus Group Se	3.6%
Facebook Inc.	3.6%
Naspers Ltd	3.5%
Alibaba Group Holding	3.3%
Safran	3.2%
Philip Morris Int Inc	3.0%
Visa Inc	3.0%
Prudential Plc	2.8%

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 their recovery from the March lows and delivered a strong 14.7% return in the fourth quarter (Q4-20). There were some notable macro events, including the US Presidential election and second and third waves of the Covid-19 pandemic, but the quarter was perhaps dominated by the news of successful vaccine developments from a host of pharmaceutical companies with seemingly high efficacy. This triggered a violent rotation in markets, out of the recent 'Covid-19 winners' into perceived 'opening up' beneficiaries.

The Fund performed well against this backdrop, returning 16.8% in Q4-20 (2.1% ahead of the benchmark). For the year as a whole, markets returned 16.3%, which many will think remarkable, considering the economic disruption wreaked by the pandemic. A reminder, if needed, that investors should be spending their time (as we do) on business fundamentals and not market forecasting. The Fund returned 14.1% for the year, which trailed the benchmark by 2.1%, although this should be seen in the context of 2019's strong 10.9% alpha. Over five years, the Fund has returned 11.8% per annum (p.a), approximately 0.4% behind the benchmark.

Spotify was a top contributor for the year, and a meaningful contributor for the quarter, with the shares up over 100% in 2020 as the market started to appreciate its multi-year growth potential as outlined in previous commentaries. Spotify is the leading player (ex-China) in the fast-growing audio streaming market and will benefit from two powerful tailwinds, both of which are in the very early stages. Firstly, music remains extremely under-monetised compared to other forms of media and in absolute terms with US spending per capita halving in real terms since 1999. Secondly, traditional radio is a large global (\$30 billion-plus) revenue pool that is in the very early stages of the inevitable shift online and Spotify is aggressively trying to accelerate this move by investing in leading podcast content and creation tools.

Since 2015, Spotify has grown its revenue by 37% p.a and we expect this strong growth to continue, forecasting growth of over 20% p.a and steadily expanding margins going forward. With its excellent and innovative management team led by visionary founder Daniel Ek, we believe that Spotify is well positioned for future growth. The stock has tripled from the lows, and with less upside to our estimated fair value, the Fund's holding has been reduced.

Airbus, reflecting the rotation within markets, was both a top-two contributor for the quarter, and a top-two detractor for the year.

After a precipitous decline in the first quarter of the year, Airbus's share price basically flatlined until early November and the announcement of Pfizer/BioNTech's strong Covid-19 vaccine results.

Despite returning 50% (in US dollars for the quarter) Airbus is still trading more than a third lower than pre-Covid-19 levels. This compares to the market which, as we know, is c.15% higher (at all-time highs). We recognise the high levels of uncertainty in the near-term outlook but believe that Airbus shares are offering a high margin of safety on a long-term horizon, as they are pricing in air

travel growth remaining at levels c.20% below its 50-year growth trend, in perpetuity. Thanks to its robust initial balance sheet, and to moves that further increased the company's liquidity during the year, we are comfortable that Airbus can withstand a challenging environment for several months or even years ahead. In fact, we think it is possible that Airbus could end the year in a net cash position, unthinkable a few months ago. We are also encouraged by the potential for a much-improved competitive position against its US peer Boeing, which is hamstrung by an over-leveraged balance sheet and has suffered a meaningful hit to brand equity through the 737MAX crisis. Finally, a number of vaccines have been approved and immunisation programmes are being rapidly rolled out: it would seem that the path to some form of economic normalisation is growing clearer and closer. We remain cautiously optimistic.

The departure point for markets at the start of 2021 is provocative: many indices start the year at record highs, driven by a few mega caps, with speculative froth evident in some hyper growth sectors, in capital markets activity (especially some Initial Public Offerings and Special Purpose Acquisition Companies) and in the behaviour of frenetic retail traders. However, interest rates are low, savings rates have exploded, monetary stimulus is set to be followed by fiscal stimulus, and economies will grow well above trend once the world emerges from the Covid-19 pandemic.

We continue to hold a balanced portfolio of competitively advantaged businesses. This includes some of the mega-caps that have performed for a long period of time – these still have strong growth prospects and are phenomenal businesses. Also, some of the stocks left behind in the 2020 rally that had unjustifiably low starting valuations will be beneficiaries of world economies normalising. There would seem to be ample opportunities for stock pickers.

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

Portfolio managers
Neil Padoa and Humaira Surve
as at 31 December 2020

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

The Global Equity Select [ZAR] Feeder 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. The top 10 holdings is 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 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. 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.