CORONATION GLOBAL EMERGING MARKETS FUND

Fund Information as at 31 July 2020

WHAT IS THE FUND'S OBJECTIVE?

The Global Emerging Markets Fund aims to give investors access to the best opportunities in emerging equity markets. The fund actively seeks out undervalued 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 will be fully invested in shares at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Global Emerging Markets 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 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 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 1.00% is payable.

The current provision for a fee discount of 0.15% p.a., applicable if the fund underperforms its benchmark over any rolling 60-month period, will continue to apply to the new fixed fee until 30 September 2020.

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

GENERAL FUND INFORMATION

<table>
<thead>
<tr>
<th>Fund Launch Date</th>
<th>14 July 2008</th>
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<tbody>
<tr>
<td>Class</td>
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<tr>
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<td>Class Launch Date</td>
<td>28 May 2013</td>
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<td>Fund Domicile</td>
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<td>Morningstar Fund Category</td>
<td>Global Emerging Markets – Equity</td>
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<td>Benchmark</td>
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Client Service: 0800 22 11 77
Email: clientservice@coronation.com
Website: www.coronation.com
Minimum Disclosure Document
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CORONATION GLOBAL EMERGING MARKETS FUND

CLASS P as at 31 July 2020

Launch date 28 May 2013
Fund size US$ 1.28 billion
NAV 13.87
Benchmark/Performance MSCI Emerging Markets Index
Fee Hurdle
Portfolio manager/s Gavin Joubert and Suhail Suleman

PERFORMANCE AND RISK STATISTICS

GROWTH OF A US$100,000 INVESTMENT (AFTER FEES)

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

Since Launch (unannualised) 94.00% 41.92% 52.08%
Since Launch (annualised) 5.64% 2.94% 2.70%
Latest 10 years (annualised) 5.36% 3.51% 1.85%
Latest 5 years (annualised) 7.78% 6.17% 1.61%
Latest 3 years (annualised) 3.86% 2.84% 1.02%
Latest 1 year 7.92% 6.55% 1.37%
Year to date 0.57% (1.72%) 2.30%

RISK STATISTICS SINCE LAUNCH

Fund Benchmark
Annualised Deviation 23.8% 21.9%
Sharpe Ratio 0.21 0.11
Maximum Gain 99.4% 56.3%
Maximum Drawdown (49.5%) (51.4%)
Positive Months 56.6% 53.8%

Fund Date Range
Highest annual return 106.2% Mar 2009 - Feb 2010
Lowest annual return (33.2%) Sep 2014 - Aug 2015

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

<table>
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<tr>
<th>Month</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
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<tbody>
<tr>
<td>Jan</td>
<td>(2.0%)</td>
<td>13.7%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Feb</td>
<td>(7.4%)</td>
<td>3.6%</td>
<td>(5.9)%</td>
</tr>
<tr>
<td>Mar</td>
<td>(15.4%)</td>
<td>4.5%</td>
<td>(3.3)%</td>
</tr>
<tr>
<td>Apr</td>
<td>8.8%</td>
<td>2.7%</td>
<td>(1.4)%</td>
</tr>
<tr>
<td>May</td>
<td>3.0%</td>
<td>(6.0)%</td>
<td>(5.8)%</td>
</tr>
<tr>
<td>Jun</td>
<td>7.6%</td>
<td>8.8%</td>
<td>(2.4)%</td>
</tr>
<tr>
<td>Jul</td>
<td>8.6%</td>
<td>0.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Aug</td>
<td>(3.1)%</td>
<td>(0.9)%</td>
<td>(5.3)%</td>
</tr>
<tr>
<td>Sep</td>
<td>(9.1)%</td>
<td>3.0%</td>
<td>(2.7)%</td>
</tr>
<tr>
<td>Oct</td>
<td>3.2%</td>
<td>7.1%</td>
<td>(7.1)%</td>
</tr>
<tr>
<td>Nov</td>
<td>6.0%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Dec</td>
<td>0.6%</td>
<td>38.7%</td>
<td>(48.9)%</td>
</tr>
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Please refer to page 4 of the Comprehensive Fact Sheet for important additional information, including changes in cost disclosures. Issue date: 2020/08/12
The Fund returned +20.5% during the 2Q of 2020 (Q2-20), which was 2.6% ahead of the +1.8% return of the benchmark MSCI Emerging Markets Total Return Index. This was 10% ahead of the benchmark’s negative return of -3.4%. Over more meaningful longer-term periods, the Fund has also outperformed the benchmark, performing +25% over the past five years, +1.3% over five years, 2.6% over 10 years, and by 2.7% since inception in almost 12 years ago.

For Q2-20 the largest positive contributor to performance was the 2Q’s largest performing country, China, with +11.1% return. The Fund’s positive exposure to China in Q2-20 (+6.7%) was the second largest exposure to any country in the report. China is generally a good investment destination and has a 36% market capitalisation. We believe this is right up there amongst the best, as its market capitalisation grows proportionally and faster than many other major markets. China has a combined market capitalisation of $11.9 trillion in the US and $15.8 trillion in China (which is at a premium to the US, as the country’s growth rate is substantially higher than that of the US). China is emerging as one of the better performing markets in the world, as existing users of e-commerce are spending more and new users are getting online. The Fund has a number of investments in emerging market e-commerce businesses, and we expect this to continue to grow. As such, China is a large exposure of 28% of the Fund.

In addition to the improvement operationally shown by JD.com, the long-term opportunity in Russia for the scale operators (Magnit and Retail), is also significant in our view. As shown in Figure 7 below, the #1 operator, #2 Retail, only has 11.5% market share (the #1 developed markets typically has 20%+ market share), and the #2, Magnit, has 6.5% market share. Both important players with a good base in Russia, but the #2 Retail has only 3.5% of the retail sector, and the #3 Magnit has 1.8%. The #2 Retail has a combined market share of 30.3%. The share of the top five in developed markets is typically in the 50-70% range, so the top two operators will continue to take market share over time, notwithstanding the smaller operators. With increased store roll-outs and the resultant scale, coming increased buying power and the ability to reduce prices, we expect this to continue. Figure 7 shows the #1 operator through Naspers (through Naspers and Prosus), Alibaba, JD.com, Tencent, Tencent Music Entertainment, and selected assets in other attractive industries where penetration rates are low, including premium branded spirits (Wuliangye Yibin), insurance (China Pacific), and the internet service providers (to name a few).

Portfolios managers
Qain-Joubert and Shailul Suleman
30 June 2020

Source: jd.com

Magnit is another long-held position (and a 3% position in the Fund today), which has been a disappointing investment in more recent years, but where green shoots have started to come through. Magnit is the 2Q’s largest food retailer in Russia, and also a food retail holding. Supermarkets have been particularly beneficial since the onset of the pandemic, due to stockpiling ahead of lockdowns; this, however, is a one-off short-term positive impact and should not be capitalised into perpetuity, or in our view. In their most recent results (Q2-20), Magnit finally showed a significant turnaround in like-for-like sales (which have been negative for the past few years). This is shown in Figure 5 (LHS) below. Like-for-like sales (in other words sales growth in existing stores, excluding new store openings) grew by 1.8%. Even stripping out a 2% impact (affect from Corona as described above stockpiling), like for like sales were +3.3%, a very healthy number and an indication that store roll-outs and a better offering are starting to pay off. Total sales grew by 7.1% y/y (Figure 6), which was a significant acceleration from the high single digit sales growth shown in the past few years. Importantly, this accelerated sales growth did not come at the expense of margins: there was in fact a slight increase in margins resulting in 21% operating profit growth.

Source: jd.com


don’t believe that JD.com will go to a 5% margin next year (it will take a number of years still), and this exercise is merely to illustrate how attractive JD.com is today. In summary, 2021 profits are still below normal, as revenue will grow at a slower pace of around 25% (compared to the 30% growth rate for 2020). JD.com now trades on 3.0x 2020 earnings, embedded in this is a 2.9% EBIT margin. If one were to put a normal 5% margin onto the 2021 revenue line, then the multiple falls to 15x earnings. We
IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL EMERGING MARKETS FUND

The Global Emerging Markets 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. Coronation 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. Coronation Global Fund Managers (Ireland) Limited is authorised in Ireland and regulated by the Central Bank of Ireland. The fund is approved under Section 65 of the Collective Investment Schemes Control Act by the Financial Sector Conduct Authority of South Africa. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider.

JP Morgan (Ireland) has been appointed as the fund’s trustees (www.jpmorgan.com; t: +353-1-612-4000), and its custodian is JP Morgan Administration Services (Ireland) Limited (www.jpmorgan.com; t: +353-1-612-4000). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHAT PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every business day. Fund valuations take place at approximately 17h00 each business day (Irish Time) and forward pricing is used. Instructions must reach Coronation before 12h00 (SA Time) one day prior to the dealing date. You can expect to receive withdrawal payouts three business days after the dealing day. Large investments or redemptions (exceeding 5% of fund value) may be subject to an anti-dilution levy to defray dealing costs and expenses. This levy, where applicable, is applied fully for the benefit 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. Class B NAV prices were used for the period prior to the launch of Class P. All underlying price and distribution data are 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 2019 (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 www.coronation.com. You will also find additional information on the considerations pertinent to investing in a fund denominated in a foreign currency and domiciled in an offshore jurisdiction.

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