

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



Maximum growth/ minimum income exposures



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 0.85% and a maximum of 2.40%, 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 1.00% will be charged.

We share in 20% of the outperformance above the benchmark, up to a maximum total annual fee of 2.40%. 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

Launch Date	15 March 1999
Fund Class	A
Benchmark	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
ASISA Fund Category	Worldwide – Multi-asset – Flexible
Income Distribution	Semi-annually (March & September)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COROPTG
ISIN Code	ZAE000019782
JSE Code	CNOG

CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND

CLASS A as at 31 August 2024

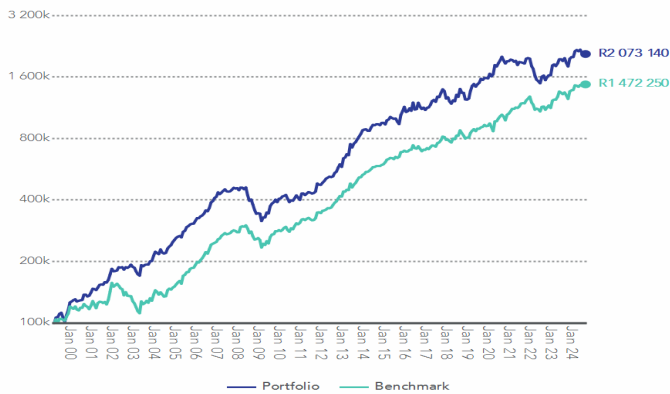
CORONATION 

TRUST IS EARNED™

ASISA Fund Category	Worldwide - Multi Asset - Flexible
Launch date	15 March 1999
Fund size	R11.24 billion
NAV	16313.68 cents
Benchmark/Performance	Composite: 35% MSCI World, 35% MSCI EM, 30% BGBA
Fee Hurdle	MSCI EM, 30% BGBA
Portfolio manager/s	Gavin Joubert and Marc Talpert

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)	1973.1%	322.5%	1372.2%
Since Launch (annualised)	12.7%	5.8%	11.2%
Latest 20 years (annualised)	11.6%	5.5%	12.3%
Latest 15 years (annualised)	11.9%	5.1%	11.9%
Latest 10 years (annualised)	8.2%	5.0%	9.6%
Latest 5 years (annualised)	5.7%	5.0%	10.2%
Latest 3 years (annualised)	3.4%	5.7%	7.3%
Latest 2 year (annualised)	12.9%	4.7%	13.2%
Latest 1 year (annualised)	4.8%	4.6%	9.5%
Year to date	3.5%	3.1%	7.0%
Annualised Deviation	12.8%		11.0%
Sharpe Ratio	0.36		0.29
Downside Deviation	7.2%		5.7%
Positive Months	63.0%		62.6%

	Fund	Date Range
Highest annual return	51.1%	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)	620.8%	91.5%	411.2%
Since Launch (annualised)	8.1%	2.6%	6.6%
Latest 20 years (annualised)	6.2%	2.6%	6.9%
Latest 15 years (annualised)	5.9%	2.6%	5.9%
Latest 10 years (annualised)	2.8%	2.9%	4.1%
Latest 5 years (annualised)	2.5%	4.2%	6.7%
Latest 3 years (annualised)	(3.3)%	4.8%	0.2%
Year to date	7.5%	1.6%	9.8%

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2024	0.0%	6.7%	1.4%	(1.4)%	1.9%	(4.0)%	(1.6)%	0.8%					3.5%
Fund 2023	11.7%	1.3%	(1.9)%	3.0%	4.8%	0.1%	(2.0)%	3.3%	(5.1)%	(4.1)%	9.1%	1.9%	22.8%
Fund 2022	(8.1)%	(2.9)%	(7.5)%	(4.5)%	(1.7)%	(2.2)%	7.8%	1.3%	(5.1)%	3.7%	2.0%	(0.1)%	(17.2)%

	1 Year*	3 Year
Total Expense Ratio	1.20%	1.08%
Fee for performance in line with benchmark	1.00%	1.00%
Adjusted for out/(under)-performance	0.04%	(0.08)%
Fund expenses	0.07%	0.08%
VAT	0.09%	0.07%
Transaction costs (inc. VAT)	0.20%	0.19%
Total Investment Charge	1.41%	1.26%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2024
Equities	75.8%
Asia	28.3%
North America	22.0%
Europe	18.5%
Latin American	6.2%
South Africa	0.9%
Real Estate	0.5%
Europe	0.2%
Latin American	0.2%
South Africa	0.1%
Bonds	14.8%
South Africa	9.3%
Europe	5.2%
North America	0.3%
Cash	8.9%
ZAR	5.0%
USD	3.0%
Other	0.9%

TOP 10 HOLDINGS

As at 30 Jun 2024	% of Fund
Prosus Nv	3.0%
Tsmc	3.0%
Airbus Group Se	2.6%
Canadian Pacific Kansas City	2.5%
Hdfc Bank Limited	2.1%
Elevance Health	2.1%
Meta Platforms	2.0%
Lpl Financial	2.0%
Delivery Hero	1.9%
Pdd Holdings	1.8%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
28 Mar 2024	02 Apr 2024	0.00	0.00	0.00
29 Sep 2023	02 Oct 2023	0.00	0.00	0.00

*This column shows the most recently available figures for the 12 months ending June 2024.

The 12-month TER for the financial year ending September 2023 was 0.97% which included a -0.15% adjustment for out/(under)

performance and a total investment charge of 1.15%.

Issue date: 2024/09/09

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

Performance

The Fund declined by 3.6% in ZAR in the quarter (Q2-24). Global markets continued to exhibit strength over the period, but after seeing some broadening of the breadth of returns in Q1-23, the markets were once again driven by very few companies, notably Nvidia, Microsoft and Apple, in the three months to end-June.

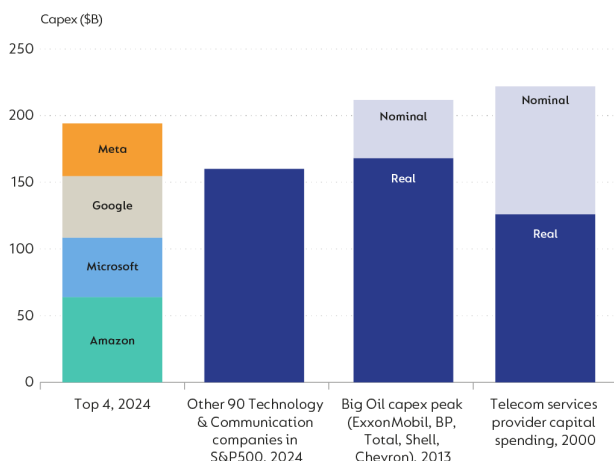
Fund positioning

Of the three stocks mentioned above, the Fund only owns Microsoft. Whilst Nvidia's fundamental performance has been exceptional, the big question is how sustainable this is considering the business now generates ~\$100bn in revenue on a rolling 12-month basis – up more than 3 times versus a year ago. More impressively, operating margins have gone from a historic mid-30% range to just under 70% today – the business' pricing power has been immense thanks to their current monopolised competitive position driven by a frenzy of deep-pocketed customers trying to get their hands on GPUs. These same deep-pocketed customers, the likes of Microsoft, Amazon, Google and Meta, are all, however, heavily financially incentivised to reduce their reliance on Nvidia chips, with all having various strategies to pursue this goal. It remains to be seen if the super level of profits at Nvidia will be sustainable – with the company now trading at 35 times 2025 earnings (which we deem unsustainably high), the margin of safety embedded into its valuation appears low.

Whilst the Fund has not owned Nvidia due to these valuation concerns, we have owned three other stocks that have benefited from this structural trend and have been positive contributors to the Fund's returns: TSMC, ASML and SK Hynix. These three businesses have different places in the ecosystem with positive market structures due to high barriers to entry, with more palatable valuations and earning levels which appear more sustainable. Beyond these three stocks, the Fund continues to own what we deem to be a highly attractive diversified collection of assets that make us excited about the prospective returns of the Fund.

The impact of AI is, most likely, still in its early innings, notwithstanding the rapid capital spending currently taking place to build the "factories of the future". As it stands, this capital spending is dominated by the large hyper scalers, with the level of capital spending today rivalling that of other similar periods globally, as illustrated by this graphic:

AMZN, MSFT, GOOGL AND META CAPEX IS EXPECTED TO EXCEED THE TOTAL CAPEX OF THE OTHER 90 TECHNOLOGY AND COMMUNICATION COMPANIES WITHIN THE S&P500 THIS YEAR



Source: Bloomberg and Bernstein analysis

The key debate today regarding this capital spending is what sort of return it will generate, and then if these levels of spending will prove to be sustainable. We are only at the early stages of recent AI advances being embedded into enterprise workflows and consumer applications, and thus, it remains uncertain as to how much utility this technology will provide and if the current exponential technology progress seen over the last two years will continue. There are industry insiders who have quite divergent opinions on the outlook, which illustrate the inherent uncertainty of how this will play out. Nonetheless, the impact cannot be ignored, and beyond the directly exposed companies, all businesses should see an impact from the technology, whether positively via revenue or cost optimisation or negatively due to disruption. Something to keep in mind is whether all this economic surplus will accrue to the companies and, in effect, their shareholders because capitalism has a long history of driving competition and reducing the benefit captured by enterprises unless those enterprises have a significant moat. Therefore, our attention remains on discovering businesses which we feel have strong moats and can earn sustainable above average economic returns. Through this process, we believe the Fund holds a collection of assets which exhibit this characteristic but, importantly, can be purchased at attractive valuations, another key element to both return maximisation and risk mitigation.

In the quarter, there were numerous elections across the world with largely peaceful outcomes, even if somewhat unexpected – this is a good outcome for democracy. Still, the US election remains a key

event in November this year. We don't spend too much time predicting election outcomes, but we do consider the associated risks. Election risks are just one aspect of a broad spectrum of geopolitical risks present today, including the ongoing wars in both the Middle East and Ukraine and strained relationships between the US and China. The way we protect against these risks is not by trying to predict their outcome but rather by owning a collection of well-diversified assets with distinct drivers which should allow the Fund to generate good returns notwithstanding any of these risks coming to fruition. The price you pay for an asset is often an essential risk mitigation tool, so considering this, the weighted average equity upside of the Fund is currently 54%, which remains compelling. Beyond this, the weighted equity five-year expected IRR is 18%, and the weighted equity FCF yield for stocks owned is ~5%. Over the past five years, the Fund has generated a positive return of 7.2% per annum (p.a.), over 10 years a return of 8.4% p.a. and, since inception more than 24 years ago, 12.8% p.a.

During the quarter, the largest positive contributors were TSMC (+24%, 0.56% positive impact), Naspers/Prosus (+13%, 0.42% positive impact), Alphabet (+20%, 0.33% positive impact) and HDFC Bank (+17%, 0.32% positive impact). The most significant negative contributors were Airbus (-24%, 0.80% negative impact), Sendas (-37%, 0.65% negative impact) and Alight (-23%, 0.41% negative impact).

The Fund ended the quarter with 79% net equity exposure, slightly higher than the prior quarter. The Fund also has put option protection, equating to 3% of Fund effective equity exposure spread across a range of indexes (US, Europe, EM).

Bond markets continue to trail equity market performance as the pace and extent of interest rate cuts across the developed world continue to be uncertain, with cutting expectations being tempered negatively impacting bond markets. The Fund has continued to add to its bond exposure, which now sits at just under 13% at the time of writing, split between sovereign and corporate bonds. The notable addition in the quarter was the purchase of South African 10-year government bonds which, at the time of writing, represent ~6.5% of the Fund. South African government bonds have rallied somewhat after what appears to be a positive electoral outcome, but the 10-year bond still yields just over 11%. Our view on the domestic fiscal situation has evolved and become more positive, notwithstanding SA's deep-rooted problems. What is encouraging, though, is a continued commitment to structural reforms post the election, along with some key cabinet appointments being occupied by the business-friendly DA, which should further help impose both fiscal austerity and growth-oriented reforms. The fiscal position of South Africa is by no means solved. Still, the direction of travel appears to be more positive today. Thus, notwithstanding the continued fiscal risks, we believe the current yield of the bonds purchased more than compensate you for these risks. Outside of the South African sovereign bonds held, we continue to hold a collection of foreign corporate credit which, in aggregate, is providing us with a weighted yield in hard currencies of just under 8%, which remains very attractive. We have limited exposure to real estate, with the balance of the Fund invested in cash, largely offshore.

Notable increases in position sizes (or new buys) during the quarter were Adyen (global payments) and Sketchers (footwear and apparel).

Adyen is a stock we have owned in the past – it is a payment processing business which solves for complexity and allows merchants to accept a broad range of payment methods, which drive higher overall acceptance rates, thereby providing merchants with a positive ROI. The stock has been volatile, and we recently increased exposure as the valuation became more attractive. Adyen should continue to grow earnings in the mid-twenties for many years, and thus, while the one-year forward multiple of 30 times screens as expensive, this unwinds to 13 times in five years due to rapid earnings growth.

Sketchers is a footwear and apparel business which operates in the shadow of peers such as Nike and Adidas but has delivered both superior top-line and bottom-line performance over the long term yet trades at a discount to these peers. The business has executed exceptionally well over many years and services a particular segment of the market (being the older generation). It should continue to grow earnings at a mid-teens rate while trading on ~14 times 2025 earnings which we deem attractive.

Outlook

The first six months of 2024 have been an exuberant period for global markets off an already strong 2023 return base, but the concentration of returns remains a dominant theme. Whilst the fundamental performance of these large stocks has supported their share price performance, an increase in their valuation multiples has been another contributing factor which naturally reduces your margin of safety, especially for stocks that appear to have unsustainable earning levels as discussed earlier. We, however, continue to find businesses that trade at attractive valuations with a good growth outlook and thus remain excited about the prospects of the Fund. We believe our philosophy of bottom-up stock picking should drive robust absolute returns going forward.

Portfolio managers

Gavin Joubert and Marc Talpert
as at 30 June 2024

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) Ltd (FSP 548), 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 A 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.

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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