CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

Fund Information as at 31 January 2025

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

The Global Emerging Markets Flexible [ZAR] Fund aims to give investors access to the best opportunities in emerging equity markets. The fund actively seeks out attractively valued 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 can also invest in cash and bonds, but will remain biased towards shares at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

9/10
Aggressive

Maximum growth/ minimum income exposures

Growth Assets: 100%
Income Assets: 0%

The fund 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 a minimum of 1.00% and a maximum of 2.40%, depending on the fund's performance, is payable.

If fund performance equals that of the benchmark (after fees and costs), a fee of 1.15% will be charged. We share in 20% of performance above the benchmark, up to a total annual fee of 2.40%. Performance is measured over a rolling 24-month period.

If the fund underperforms the benchmark over any 60-month period, the fee is reduced by 0.15%.

All fees exclude 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?

GAVIN JOUBERT
BBusSc, CA (SA), CFA

SUHAIL SULEMAN
BBusSC, CFA

IAKOVOS MEKIOS
Ptychion (BSc), MIA, IMC, CFA

GENERAL FUND INFORMATION

Launch Date	28 December 2007
Fund Class	A
Benchmark	MSCI Emerging Markets Index
ASISA Fund Category	Global – Multi-asset – Flexible
Income Distribution	Semi-annually (March & September)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORGLOB
ISIN Code	ZAE000109211
JSE Code	CGEM

CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

CLASS A as at 31 January 2025

CORONATION
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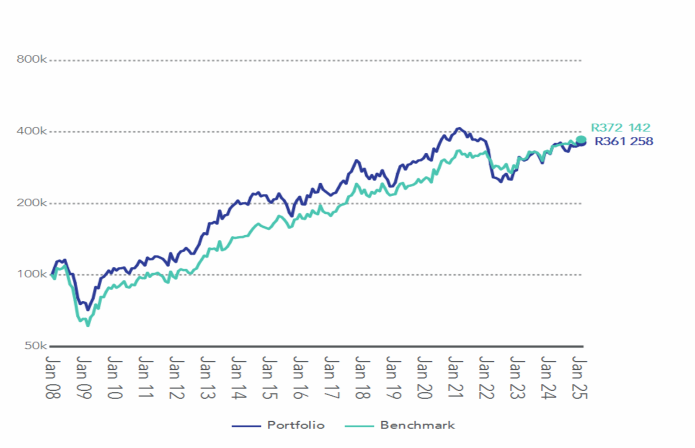
ASISA Fund Category	Global - Multi Asset - Flexible
Launch date	28 December 2007
Fund size	R 5.30 billion
NAV	344.08 cents
Benchmark/Performance Fee Hurdle	MSCI Emerging Markets Index
Portfolio manager/s	Gavin Joubert, Suhail Suleman and Iakovos Mekios

	1 Year*	3 Year
Total Expense Ratio	1.86%	1.47%
Fee for performance in line with benchmark	1.16%	1.15%
Adjusted for out/(under)-performance	0.36%	0.02%
Fund expenses	0.11%	0.12%
VAT	0.23%	0.18%
Transaction costs (inc. VAT)	0.24%	0.22%
Total Investment Charge	2.09%	1.69%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark
Since Launch (unannualised)	261.3%	272.1%
Since Launch (annualised)	7.8%	8.0%
Latest 15 years (annualised)	8.6%	10.0%
Latest 10 years (annualised)	6.0%	8.8%
Latest 5 years (annualised)	2.3%	7.6%
Latest 3 years (annualised)	2.3%	5.9%
Latest 2 years (annualised)	7.3%	9.3%
Latest 1 year	11.8%	14.7%
Year to date	2.9%	0.9%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.9%	14.9%
Sharpe Ratio	0.03	0.04
Maximum Gain	25.5%	36.4%
Maximum Drawdown	(40.6)%	(44.2)%
Positive Months	54.6%	56.1%

	Fund	Date Range
Highest annual return	49.7%	Mar 2009 - Feb 2010
Lowest annual return	(37.5%)	Mar 2008 - Feb 2009

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	31 Jan 2025
Equities	**98.68%**
China	22.47%
South Korea	14.52%
Brazil	14.12%
Taiwan	7.97%
Singapore	7.31%
India	6.66%
France	3.39%
Indonesia	3.19%
Turkey	3.09%
South Africa	2.90%
Other	13.06%
Cash	**1.24%**
USD	1.08%
Other	0.19%
ZAR	0.00%
EUR	(0.03)%
Real Estate	**0.07%**
Brazil	0.07%

TOP 10 HOLDINGS

As at 31 Dec 2024	% of Fund
Tsmc (Taiwan)	5.3%
Coupang (South Korea)	4.2%
Delivery Hero (South Korea)	4.1%
Hdfc Bank Limited (India)	4.0%
Mercado Libre (Brazil)	3.9%
Jd.com (China)	3.7%
Sea (Singapore)	3.4%
Grab Holdings (Singapore)	3.4%
Prosus (China)	3.3%
Bim Birlesik Magazalar (Turkey)	3.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
27 Sep 2024	01 Oct 2024	0.00	0.00	0.00
28 Mar 2024	02 Apr 2024	0.00	0.00	0.00

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	2.9%												**2.9%**
Fund 2024	(1.9)%	7.7%	2.3%	(0.4)%	1.7%	(4.4)%	(3.4)%	(0.7)%	6.7%	(1.5)%	0.0%	1.1%	**6.5%**
Fund 2023	13.7%	(1.9)%	(1.4)%	1.1%	3.6%	1.6%	2.5%	(1.2)%	(4.4)%	(5.3)%	10.5%	0.8%	**19.3%**

**This column shows the most recently available figures for the 12 months ending December 2024.*
The 12-month TER for the financial year ending September 2024 was 1.80% which included a 0.31% adjustment for out/(under) performance and a total investment charge of 2.02%.

Issue date: 2025/02/11

Please note that the commentary is for the retail class of the Fund. All Fund and share price returns are quoted in ZAR.

The Fund returned -0.5% during the fourth quarter of 2024, 0.8% behind the return of the benchmark MSCI Emerging Markets (Net) Total Return Index. As a result, the Fund was 4.1% behind the benchmark for the year. Over two years, the Fund has returned 12.7% p.a., 1.6% behind the benchmark's 14.3% p.a. return. Over 10 years, the Fund has returned 5.5% p.a., which is 3.5% behind the benchmark return. Since inception in 2007, the Fund has returned 7.7% p.a., which is marginally behind the benchmark.

The biggest positive contributor for the quarter was Grab Holdings. Until now, this Southeast Asian ride-hailing, food delivery, and financial services platform operator had been a somewhat frustrating investment as the share price had declined since our initial investment in 2023 despite its operating performance improving materially. Almost uniquely among peers, Grab sits with substantial net cash on its balance sheet, and we had been advocating that the company buy back shares when the share price was trading below $3.50. In this last quarter, Grab appreciated 35% and contributed positive relative performance (alpha) of 1.2%. The share price had already been increasing off its lows, but after Q3 results were released in mid-November, it appreciated rapidly to over $5.00 on the back of a significant improvement in revenue and (especially) profitability in both food delivery and mobility/ride-hailing. Most pleasingly, the financial services arm reached a milestone of $1bn in deposits and saw losses narrow despite the division still being very much in ramp-up phase.

The second largest contributor to relative performance also came from Southeast Asia, namely SEA Limited (SEA), which offers gaming, ecommerce and financial services throughout the region and in other geographies, the most material of which is Brazil. SEA returned 26% in the quarter, but by virtue of being a 3.1% position in the Fund at the start of the period, the alpha contribution was 0.8%. Like Grab, Q3 results were strong, with group revenue up 31% (despite currency headwinds) and operating profit swinging from a $128m loss to a $202m profit. Over the years, the business has invested heavily in developing an in-house logistics provider (as opposed to outsourcing delivery to third-party couriers); it is now generating returns from these investments. This means SEA now delivers 70% of its orders in Brazil and 50% of its orders in Asia through its in-house logistics provider. The result is an improvement in the customer experience with a reduction in wait times, and–crucially–self-fulfilment brings down the costs per package as scale benefits on the fixed historical investment costs kick in with growing volumes.

Other material contributors in the quarter were Airbus (+20% return, 0.6% alpha), BIM in Turkey (+16% return, 0.5% alpha) and not owning Alibaba in the Fund (it was down 21%) contributed +0.5% alpha as the late September rally in Chinese stocks, which was quite positive for the Fund in the prior quarter, somewhat fizzled out.

The biggest detractor in the quarter was Delivery Hero (DHER), which declined 24% in the period and contributed -1.0% to the Fund's relative return.

From a share price low in the middle of July to its peak in late October, DHER returned 120%, largely as the balance sheet concerns dissipated due to management action to unlock value from some of the company's operating countries. Two main events drove the share price surge. Firstly, in May 2024 DHER announced the sale of its Taiwanese operation to Uber for $950m (€900m), subject to local competition authority approval. Secondly, as discussed in our previous commentary, the company announced the IPO of Talabat, its pan-Middle Eastern operation, which went ahead in December at a €9.5bn valuation, in line with the mid-point of the range of estimates touted for this business. The IPO brought €2bn in cash into DHER to deal with its debt burden of €4.5bn. The Taiwanese divestment would have further bolstered the cash inflows from these value-unlock developments. Unfortunately, in late December, the Taiwanese Fair Trade Commission, which has regulatory oversight for competition matters, blocked the sale from going ahead on concerns that with a combined 90% share of the food delivery market in the country, competition would be frozen out. Further negative news emerged in Spain, where DHER's local operation, Globo, has been in dispute with labour authorities on the treatment of riders as employees. To prevent further contingencies from accruing, Globo reclassified riders as employees, with the associated increased costs of doing so, while the historic treatment (and associated fines) are being contested.

Despite these two setbacks, we believe that DHER is significantly undervalued. Their 80% stake in Talabat alone is larger than the group's market capitalisation and makes up almost 70% of DHER's Enterprise Value (market capitalisation plus net debt). We added to the position as the share price declined, and at year-end, DHER was a 4.1% position in the Fund.

Although TSMC is the largest individual position in the Fund at 5.3%, at quarter end, the stock's continued outperformance (it returned +19% in in Q4 compared to the flat return for the benchmark) meant that the underweight (it is almost 11% in the benchmark now) cost the Fund 0.6% in alpha. We reiterate that we are very positive on the long-term prospects and valuation for TSMC; however, given our clean-slate approach to portfolio construction, the roughly 5% position is more appropriate in our view, given the business's relative valuation and competition for space within the Fund.

Bank Mandiri in Indonesia returned -15%, costing the Fund 0.5% in relative performance. Mandiri's operational performance was mixed. On the positive side, loan growth and deposit growth are double the respective industry levels, and non-performing loans are at half the industry levels. Unfortunately, loan yields have declined marginally, and the cost of funding has increased to leave Net Interest Margins down by 40-50 basis points compared to last year. As a result, overall Net Interest Income was only up by 4% in the nine months to the end of September compared to the same period in 2023. We do expect the funding cost pressure to abate going forward, and with an easier base, profits are likely to return to the double-digit growth level that we believe Mandiri can deliver long-term, which makes it very attractive at less than 9x forward earnings and paying a 6.5% dividend yield.

Other material detractors (0.4% alpha or more) were Melco Resorts & Entertainment and JD.com, as the run-up in Chinese stocks following the stimulus measures announced in September partially reversed (as mentioned earlier). Although market sentiment remains weak towards China, the stocks are priced for a very dire outcome, and the weighted average upside in the Chinese stocks in the portfolio–our guideline for their intrinsic worth–is close to 100%.

With the sell-off in Brazil-exposed stocks reaching feverish levels in the quarter, the largest buying activity was centred on our two biggest holdings there. Mercado Libre (MELI, an ecommerce and fintech player across Latin America), whose share price reached levels over $2,100 in September, started the quarter as a 2% position, and a subsequent 30% decline allowed the Fund to buy back shares at under $1,800 to leave MELI as a 3.9% position in the Fund at the end of December. In a similar vein, Nubank reached a peak of close to $16 in November but then fell to a trough of just over $10 in December, and we bought more on the back of the share price weakness to leave it as a 3.0% position at year-end. There were material trims of Trip.com (Chinese online travel agency), TSMC and BYD (Chinese electric vehicles) on very big positive share price moves.

A few new stocks entered the Fund in the period, the largest of which was Gold Circuit Electronics of Taiwan (a specialist producer of printed circuit boards for servers, network infrastructure and consumer electronics), TBC Bank Group (international banking group with businesses in Georgia and Uzbekistan), Wiwynn Corporation (a manufacturer of traditional servers that is diversifying its business into servers for Artificial Intelligence), banking group BBVA, whose primary business is in Mexico and Kri-Kri Milk Industry SA in Greece (a producer of ice cream and yogurt from 100% Greek milk).

The Fund sold out of its remaining position in Tata Consultancy Services (0.7% at end-September) as it reached our fair value, as well as out of KB Financial (0.8%) and Standard Bank (0.4%), which were identified as suitable funding sources for the buys covered already. The Fund also exited Tencent Holdings (0.6% position), which rallied strongly in October, leaving us preferring to retain our exposure via Prosus and Naspers only.

Despite the positive absolute performance of both the Fund and asset class, emerging markets underperformed global stocks and the US market in particular during 2024. The valuation discount at which emerging markets now trade has become even more attractive, and for the Fund in particular, the weighted average upside is now back at 75% with a 23% IRR. We remain confident that this represents a compelling opportunity for investors.

Portfolio managers
Gavin Joubert, Suhail Suleman and Iakovos Mekios
as at 31 December 2024

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND

The Global Emerging Markets Flexible [ZAR] 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. Asset allocation and 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 International Limited, a financial services provider authorised and regulated by the Financial Conduct Authority. 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.

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

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.