

WHAT IS THE FUND'S OBJECTIVE?

Optimum Growth aims to maximise long-term investment growth by investing in a range of opportunities available in public asset markets from both South Africa and around the world. Our intent is to provide competitive after inflation returns measured in rand over all five year periods.

WHAT DOES THE FUND INVEST IN?

Optimum Growth 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

Optimum Growth 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.

Optimum Growth 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.

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

- ▶ are looking for the best growth opportunities available in both South African and international markets;
- ▶ are comfortable with allowing Coronation a wide degree of discretion, in allowing us to make both the equity and international 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 0.45% and a maximum of 2.00%, 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 0.60% will be charged.

We share in 20% of the outperformance above the benchmark, up to a maximum total annual fee of 2.00%. 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

SUHAIL SULEMAN

BBusSc, CFA

GENERAL FUND INFORMATION

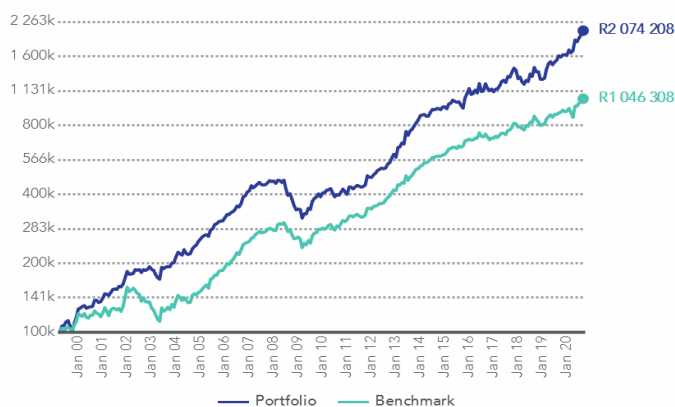
Fund Launch Date	15 March 1999
Fund Class	P (previously class B4)
Class Launch Date	1 April 2013
Benchmark	Composite: 35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA
Fund Category	Worldwide – Multi-asset – Flexible
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Bloomberg Code	COROPB4
ISIN Code	ZAE000175865

Fund category	Worldwide - Multi Asset - Flexible
Launch date	01 April 2013
Fund size	R11.62 billion
NAV	15858.39 cents
Benchmark/Performance	Composite (35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA)
Fee Hurdle	
Portfolio manager/s	Gavin Joubert, Marc Talpert and Suhail Suleman

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	0.84%	1.24%
Adjusted for out/(under)-performance	0.60%	0.60%
Fund expenses	0.14%	0.45%
VAT	0.00%	0.04%
Transaction costs (inc. VAT)	0.10%	0.15%
Total Investment Charge	0.13%	0.15%
	0.97%	1.39%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS VS BENCHMARK (AFTER FEES) (ZAR)

	Fund	Benchmark	Inflation
Since Launch (unannualised)	1974.2%	946.3%	241.6%
Since Launch (annualised)	15.2%	11.6%	5.9%
Latest 15 years (annualised)	13.8%	12.6%	5.6%
Latest 10 years (annualised)	18.0%	13.8%	5.1%
Latest 5 years (annualised)	16.2%	10.2%	4.6%
Latest 3 years (annualised)	16.9%	11.0%	4.2%
Latest 1 year (annualised)	28.7%	15.4%	3.2%
Year to date	28.1%	13.4%	2.6%
Annualised Deviation	12.5%	10.9%	1.5%
Sharpe Ratio	0.54	0.29	(1.68)
Downside Deviation	7.0%	5.6%	0.7%
Positive Months	66.1%	63.4%	91.1%

	Fund	Date Range
Highest annual return	51.9%	Jan 2013 - Dec 2013
Lowest annual return	(31.5%)	Mar 2008 - Feb 2009

PERFORMANCE FOR VARIOUS PERIODS VS MSCI ACWI (AFTER FEES) (USD)

	Fund	Benchmark	MSCI ACWI
Since Launch (unannualised)	656.4%	282.3%	229.2%
Since Launch (annualised)	9.9%	6.5%	5.7%
Latest 10 years (annualised)	8.5%	4.7%	10.9%
Latest 5 years (annualised)	10.6%	5.0%	10.2%
Latest 3 years (annualised)	6.9%	1.6%	9.0%
Latest 1 year (annualised)	15.4%	3.4%	16.5%
Year to date	5.8%	(6.3)%	4.7%

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	5.4%	(2.8)%	2.3%	11.1%	(1.6)%	3.8%	3.3%	4.2%					28.1%
Fund 2019	1.3%	9.0%	6.0%	2.0%	(3.0)%	2.8%	1.7%	4.7%	(1.3)%	2.2%	0.2%	(0.6)%	27.4%
Fund 2018	1.5%	(4.6)%	(2.4)%	3.8%	(1.0)%	7.6%	(2.2)%	9.3%	(4.2)%	0.0%	(7.2)%	(0.2)%	(0.8)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2020
Equities	69.6%
North America	27.1%
Europe	20.9%
Asia	13.0%
South Africa	5.9%
Latin American	2.7%
Bonds	1.2%
North America	0.6%
South Africa	0.3%
Europe	0.1%
Latin American	0.1%
Cash	22.9%
USD	12.2%
Other	8.9%
ZAR	1.8%
Commodities	3.2%
Gold	3.2%
Real Estate	3.1%
Europe	2.1%
North America	0.4%
Asia	0.3%
Latin American	0.2%
South Africa	0.1%

TOP 10 HOLDINGS

As at 30 Jun 2020	% of Fund
Naspers Ltd	3.0%
Alphabet Inc	2.8%
Heineken Holdings NV	2.8%
Philip Morris Int Inc	2.6%
Alibaba Group Holding	2.5%
JD.com Inc Adr	2.4%
Spotify Technology SA	2.4%
Microsoft Corp	2.3%
Salesforce.com Inc	2.2%
Ping An Insurance Group Co	2.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2020	01 Apr 2020	7.45	5.44	2.01
30 Sep 2019	01 Oct 2019	80.24	67.16	13.08
29 Mar 2019	01 Apr 2019	51.72	45.23	6.49
28 Sep 2018	01 Oct 2018	92.82	90.53	2.29

The Fund appreciated 13.4% in the second quarter of 2020 (Q2-20), compared with a 15.3% return of the benchmark. This resulted in negative 1.9% alpha for the period. While it is always disappointing to underperform the benchmark, this comes after a period of significant outperformance over the past year (14.7% alpha) and it was pleasing to realise a healthy absolute return in the period, notwithstanding this small underperformance. The Fund has delivered a year-to-date return of 18.7%, a 10.1% outperformance of the benchmark

The quarter can be described as one of recovery for many markets, with the DOW experiencing its best quarter since 1987 and the S&P500 enjoying its best quarter since 1998. Against this backdrop, some of the Fund's holding appreciated meaningfully. The largest positive contributors in the quarter were Spotify (+104%, 1.5% positive impact), Mercado Libre (+96%, 1.1% positive impact) and JD.com (+44%, 0.8% positive impact). Unfortunately, the Fund incurred unrealised losses on a collection of put option positions which provided valuable protection in the prior quarter but detracted from performance this quarter. This happened notwithstanding the level of protection being somewhat reduced early in the quarter and then marginally added to towards the end. Collectively, these put options had a 1.82% negative impact during the quarter but continue to provide the Fund with protection should there be a market selloff. Outside of these put options, no individual stock positions were material detractors in what can be summarised as a very strong quarter for global markets.

Over the last five years, the Fund has generated a positive return of 13.3% per annum (p.a) and 16.9% p.a over ten years. Since inception over 20 years ago, it has returned 14.8% p.a (3.3% annualised outperformance).

The Fund ended the quarter with 70% net equity exposure, similar to its position at the end of March, but with a higher weighting towards emerging markets (EM), which has lagged the developed market (DM) equity rally. Of this, approximately 51% of the equity exposure was invested in DM equities (54% in the prior quarter), and 49% in EM equities (46% in the prior quarter).

Our negative view on global bonds remained unchanged, as a large portion of DM sovereign bonds offer negative yields to maturity, with the follow-on effect that most corporate bonds also offer yields which do not compensate for the risk undertaken. Only 1.2% of the fund is invested in bonds, which is largely made up of a 0.6% position in L Brands (owner of Victoria Secret) corporate bonds.

The Fund also has c.3.5% invested in global property: largely Vonovia (German residential) and Unibail (European and US retail property). Lastly, the Fund has a physical gold position of 2.6%, along with a 0.8% holding in Barrick Gold Corp, the largest gold miner globally, both of which have been sold down marginally during the quarter. The balance of the Fund is invested in cash, largely offshore. As has been the case for many years, the bulk of the Fund (over 90%) is invested offshore with very little exposure to South Africa.

The rally in equity markets during the quarter is a good illustration of the difficulty of trying to time a rebound as it happened quite unexpectedly, and against a backdrop of what could be considered poor news flow. This reinforces our belief that our time is best spent on seeking out the best opportunities globally to build a portfolio which we believe has a collection of diverse exposure to assets that will provide the best risk-adjusted return for our clients. We believe that trying to time the market is inherently difficult and adds little value to long-term client outcomes.

Notable buys during the quarter were Linde PLC, Roche and Mercari.

Linde PLC is the largest industrial gas business in the world (20% market share) with both extensive geographic and industry diversification. Fundamentally, the business is made up of assets which are hard to replicate due to their geographic location, which is key when selling a commodity that can often have prohibitively expensive transportation costs. Their revenue is generated via sales to large customers, often with a long-term contract; medium-size captive customers with associated offtake agreements; and smaller customers that have cylinders associated to the sale which are rented, providing an incentive for repeat usage and refill. Ultimately, this creates a business with a large portion of annuity revenue which we believe

can steadily grow and compound overtime. The business is a function of the merger of Linde and Praxair in 2017/2018, with expected post-merger synergies resulting in free cash flow (FCF) increasing by a third. The CEO of the combined entity has an exceptional track record of running Praxair for 12 years prior to the merger and thus this provides further credibility to the synergy numbers.

Roche is a global innovative pharmaceutical company with a dominant position in a strongly growing oncology market. They have a promising pipeline of drugs in addition to their current offering, which should protect them from generic price erosion, a natural part of being an innovative drug company post drug patent expiry. Roche has an extreme focus on research and development (R&D), and they consistently outspend their peers in terms of R&D (both in absolute dollars and a percentage of revenue), which has supported consistent innovative drug discovery. The business trades on 16 times forward earnings, which should be resilient in the current environment, a starting dividend yield of just under 3% and an expected mid-single-digit earnings growth profile that should result in a low-double-digit total shareholder return.

Mercari is a Japanese business, founded in 2013, which has a dominant online used goods consumer-to-consumer (C2C) marketplace and a growing payment business which leverages the marketplace to both acquire customers and enhance the utility of the payment platform. They also have a fast-growing US online C2C marketplace business. Their Japanese C2C business has nearly 17 million monthly active users, up from 13 million a year ago, and is still rapidly growing as used goods commerce continues to gain traction in Japan. The payment business operates in a highly competitive, but lucrative market, as Japan currently significantly lags the developed world in cashless penetration (currently just over 20% vs DM peers well north of 50%, depending on the market). Management have laid important strategic blocks via alliances to improve the competitive positioning of the payment business. Its most notable alliance here is with NTT DoCoMo - the biggest mobile operator in Japan, with a 40% market share. As it stands the used goods C2C business is well understood, but very little credit is being given to the potential success of the payment business. We think the Japanese C2C business can continue to grow its revenue in excess of 20% over the next few years with margins continually increasing due to the high incremental margins associated with a marketplace business. This should lead to both earnings and FCF growth in excess of this revenue growth rate. Outside of this, we believe that both the Japanese payment business and US used goods marketplace should reduce losses significantly as they move from investment phase into monetisation phase.

We are now just over six months into the Covid-19 pandemic, yet there still remain many unknowns as to the ultimate length, how governments will respond and what permanent consumer behaviors will manifest post the pandemic. However, against this backdrop we feel the portfolio has been built bottom-up, while ensuring adequate diversification without taking a strong thematic portfolio view on hard to predict future trends

Portfolio managers

Gavin Joubert, Marc Talpert and Suhail Suleman

as at 30 June 2020

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION OPTIMUM GROWTH FUND

The Optimum Growth 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. 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) (FSP 548) Ltd, 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. Growth charts are shown in logarithmic scale (base 2).

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 our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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