

WHAT IS THE FUND'S OBJECTIVE?

The 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



Maximum growth/ minimum income exposures



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 0.95% is payable.

The full annual fee is collected in the master fund. 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

Investment Manager	Coronation Asset Management (Pty) Ltd
Management Company	Prescient Management Company (RF) (Pty) Ltd
Liquidity provider	Prescient Securities (Pty) Ltd
Launch Date	22 August 2024
Benchmark	MSCI Emerging Markets Index
ASISA Fund Category	Global – Equity – General
Income Distribution	Annually (March)
Bloomberg Code	COGEM SJ
ISIN Code	ZAE000337176
JSE Code	COGEM
Base Currency	ZAR
Exchange	JSE

As at 31 October 2024

ASISA Fund Category	Global - Equity - General
Launch date	22 August 2024
Fund size	R1.05 Million
NAV	1028.74 cents
Benchmark	MSCI Emerging Markets Index
Portfolio manager/s	Gavin Joubert, Suhail Suleman and Iakovos Mekios
Number of units	102530 units

Total Expense Ratio	1 Year*	3 Year*
Fund management fee		
Fund expenses		
VAT		
Transaction costs (inc. VAT)		
Total Investment Charge		

PERFORMANCE AND RISK STATISTICS

Performance and Risk Statistics will be available 12 months after launch.

PORTFOLIO DETAIL

EFFECTIVE GEOGRAPHIC EXPOSURE

Country	31 Oct 2024
Equities	99.1%
China	26.3%
South Korea	14.6%
India	9.9%
Brazil	9.2%
Taiwan	8.8%
Singapore	6.8%
France	3.8%
Indonesia	3.5%
Hong Kong	3.2%
Turkey	3.1%
Other	10.0%
Cash	0.9%
USD	1.0%
ZAR	0.0%
Other	(0.1)%

TOP 10 HOLDINGS

As at 31 Oct 2024	% of Fund
Tsmc (Taiwan)	6.1%
Jd.com (China)	4.3%
Coupang Inc (South Korea)	4.2%
Hdfc Bank Limited (India)	4.1%
Delivery Hero (South Korea)	3.9%
Grab Holdings (Singapore)	3.5%
Prosus (China)	3.5%
Bank Mandiri Tbk Pt (Indonesia)	3.5%
Sea (Singapore)	3.3%
Aia Group (Hong Kong)	3.2%

SECTORAL EXPOSURE

As at 31 Oct 2024	Fund
Consumer Discretionary	41.0%
Financials	19.3%
Information Technology	13.9%
Industrials	7.6%
Consumer Staples	7.2%
Communication Services	6.6%
Energy	3.5%
Cash	0.9%

INCOME DISTRIBUTIONS

Not available - New fund

*TER's not yet available. Please refer to page 4 for more information.

Please refer to page 4 of the Comprehensive Fact Sheet for important additional information, including change in cost disclosures.

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.

The Fund returned 8.5% in the third quarter of 2024, slightly behind that of the benchmark return of 8.7% (as measured by the MSCI Global Emerging Markets (Net) Total Return Index). Short-term performance has improved materially since the bottom of the performance cycle around June 2022, with the Fund 2.2% p.a. ahead of the benchmark over the last two years. Over longer-term periods, however, the impact of the very tough 15-month period (March 2021 to June 2022), means the Fund is 4.4% p.a. behind the benchmark over five years. Since inception, the Fund has outperformed marginally.

The biggest contributor in the quarter was Delivery Hero (DHER), which returned 70% and contributed +1.6% to relative performance (alpha). DHER's share price has been exceptionally volatile over the last year, reflecting significant changes in the market's view of its long-term outlook. DHER has a number one or two position in online food delivery in several attractive countries within Asia, the Middle East, the Americas, and Western Europe. Although it is listed in Germany, around 90% of DHER's business comes from emerging markets. Generally, strong network effects result in most food delivery markets consolidating into two to three players per country. These players tend to dominate volumes and generate most of the profits for the industry, with smaller players unable to survive and certainly not making any meaningful money.

DHER built up its portfolio through acquisitions over time and funded much of this with debt. Once the post-pandemic surge in food delivery dissipated, the high level of debt, coupled with a slower level of top-line growth than in previous years, saw the share price fall precipitously, reaching its nadir in early February 2024 when the market capitalisation was below the value of the debt outstanding. Much of this outstanding debt was convertible debt that was deeply out of the money (the weighted average conversion price is over €100 per share so most of this debt is likely going to have to be repaid). Since then, the share price has pretty much doubled, halved and doubled again in the space of seven months. We are not believers in trying to time the market and don't think that the value of the business has materially changed in this intervening seven-month period, but we do believe that it is significantly undervalued and have generally added when it was extremely oversold and have somewhat lightened our exposure as it has recovered quickly.

The key driver for the strong recovery in the share price since July was the announcement that DHER would IPO its Talabat business in the Middle East. Talabat is the leader in eight MENA countries and is expected to command a valuation above \$10bn. DHER today owns 100% of Talabat but will sell some of this stake in the IPO to pay down debt. DHER also owns 100% of Hunger Station in Saudi Arabia (which is not part of Talabat) and is the leader there too. The total market capitalisation of DHER today is \$12bn (compared to the value for just Talabat of around \$10bn), yet Talabat contributes only 14% of group GMV (Gross Merchandise Value). DHER has reiterated its €750m guidance for EBITDA for this year compared to its Enterprise Value (market capitalisation plus net debt) of just over €14bn, and profitability is well below normal across most of its markets. We forecast EBITDA to grow at over 35% p.a. for the next five years to in excess of €3.5bn in 2029. Over this same period, we forecast annual free cash flow to grow to over €2.5bn (compared with a current market capitalisation of \$12bn, so a 20% normalised free cash flow yield to equity). Further positive news for DHER was a stabilisation of competitive intensity in Korea and where a new CEO for the local business was announced. In addition, DHER is in the process of selling its Taiwanese business (only 3% of GMV) to Uber at a price just shy of \$1bn, so another 8% of DHER's market capitalisation. Despite the recent strong share price recovery, in our view there is still conservatively 60%+ upside (more optimistically, 100%+ upside) to DHER, and it remains a top 10 holding in the Fund.

There are half a dozen Chinese stocks that feature within the top 15 contributions to alpha in the quarter and this largely is a result of a sea change in attitudes toward Chinese stocks in the last full week of September. The Chinese government, in an attempt to kickstart the local economy and improve sentiment, announced a wide range of measures to support the property market, local investors and state-owned banks. Further fiscal stimulus is expected to make this the largest intervention to support the economy in the country's history. With most global funds owning very little in China and a large proportion of actively managed emerging market funds also having substantial underweights in China, the market reaction to such unprecedented levels of support was fierce and swift, with massive amounts of capital chasing Chinese stocks to close underweight and short positions. This resulted in the MSCI China and Nasdaq Golden Dragon China Index (an index of US-listed Chinese stocks) both up 22% in the last week of September, some of which has unwound in early October.

We have in recent years held the view that the Fund's Chinese holdings were very attractively valued and the weighted average upside to fair value of these holdings peaked at 120% a month or two ago. In some cases, stocks like JD.com were trading at under 2x earnings adjusted for the cash on balance sheet and the stake it held in listed subsidiaries. Even though this stimulus was not part of our investment case, the Fund did very well from the resulting share price moves. For the quarter, the top Chinese contributor to alpha was JD.com, which returned 63% for +1.2% alpha. This was followed by AIA (+0.7% alpha), Naspers (+0.6%), Trip.com (+0.4%), Yum China (+0.3%), Li Ning and Wuliangye Yibin (+0.2% each). The only material detractor from the stocks owned in China was Tencent Music, which cost -0.3% relative performance. Not owning (or being underweight in) Alibaba, Tencent and Ping An, cost a combined -1.4% alpha but the overall impact of China for the quarter was still positive.

One of the most encouraging developments in recent years has been the increased willingness of Chinese companies to return cash to shareholders via dividends and buybacks. When earnings were growing very strongly every year, there was less pressure to return cash since the money was required for reinvestment but, more recently, with the businesses being more mature there has been less need to reinvest and many stocks built up large amounts of cash on their balance sheets. We have engaged frequently with management teams (and indeed boards) over the years on the need to return capital

to shareholders and the value unlock that can be created through share buybacks. After a period of resistance by some companies, many of the most widely held stocks in China have started returning meaningful cash to shareholders.

The one notable exception to this list has been Pinduoduo (PDD). During the quarter, PDD reported results that under normal circumstances would have been a cause for celebration. Revenue was up almost 90% year-on-year (yoy), with margin expansion leading to operating profit up 150% yoy. Free cash flow conversion also exceeded 100%. Yet negative comments by management about long-term profitability coming under pressure and the need to reduce take rates (commission on sales) to make the ecosystem more sustainable for merchants led to the share dropping by 40% in a short space of time, only to recoup most of the losses in the week before the end of the quarter to leave it only slightly down for Q3. A key criticism of PDD is that the business is somewhat opaque, with little interaction with investors and the sell-side, and limited disclosures outside of the required operating metrics we find in results releases. These are valid criticisms, but we have done a lot of work to understand PDD's culture, management style, incentives and moat around its business model and believe that the reasoning has more to do with a desire not to assist competitors to counteract the threat PDD poses to them. This is why PDD has taken so much market share from Alibaba (in particular) over the years and why its take rates have been able to expand beyond that charged by Alibaba.

We have reduced the China exposure marginally in early October (a 1.5% net reduction in exposure at the overall Fund level) but continue to hold the view that the Chinese holdings in the Fund still offer very good value (the weighted average upside to fair value is now still >80%). Importantly, with one or two exceptions, the 15 Chinese holdings in the Fund were growing both top-line and earnings in the double-digits prior to any stimulus (in many cases by taking market share) and our investment cases were not based around or dependent on stimulus. We will obviously be assessing the impact of the stimulus actions on an ongoing basis, notably with regard to how it may impact the earnings streams (and hence fair values) of the companies owned.

Other positive contributors to relative performance were SEA (32% return, +0.6% alpha) and Mercado Libre (25% return, +0.5% alpha), which are both leading e-commerce operators with a little overlap in Brazil where they compete directly, albeit with very different business models. SEA in particular has recovered well off its lows, with a one-year return of 113% and +1.4% contribution to alpha.

The biggest detractor in the quarter was not owning Alibaba – although this was more than compensated for by the very high return in JD.com. Brazil exposure continues to have a negative impact on the Fund – with Brava Energia ("Brava" – the new name for oil company 3R Petroleum after its merger of equals with Enauta) costing -0.8% alpha, a bit more than Sendas cash & carry food retail, which cost -0.7%.

The largest new buy in the quarter was Chinese food delivery platform Meituan, which we last owned in 2023. We also bought back Chinese down jacket maker Bosideng (0.5% position) after its share price declined 20% due to the controlling shareholder reducing his stake. It now trades on 12x forward earnings (with a 6% dividend yield), having risen 35% from the levels at which we bought it back into the Fund.

There were several sales in the quarter, largely to fund the buys above and to increase position sizes in higher conviction names like ASML and Nubank. The three most meaningful sales were AngloGold (1.5% at end June) which reached and exceeded our fair value, Infosys (0.4% at end June) which similarly surpassed our fair value and was trading on 30x forward earnings at the time of sale, and Richemont (1.1% at end June).

The weighted average upside of the Fund of 60% has reduced slightly as a result of the strong moves in share prices in China in particular but remains comfortably above the long-term average of around 40%. For this reason, we are confident that the Fund represents an attractive investment opportunity for long-term investors into the asset class and can deliver market-beating returns in the years ahead.

Portfolio managers
Gavin Joubert, Suhail Suleman and Iakovos Mekios
as at 30 September 2024

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL EMERGING MARKETS PRESCIENT FEEDER AMETF

Collective investment schemes (CISs) should be considered as medium to long-term investments. The value of units may go down as well as up, and therefore Prescient 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 investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. 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. The asset allocation by instrument type are reflected on a look-through basis. The asset allocation by issuer type and top issuer exposures are not reflected on a look-through basis. The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the Association for Savings and Investments South Africa. 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. The Manager retains full legal responsibility for any third party-named portfolio. CISs are allowed to engage in scrip lending and borrowing. Standard Bank has been appointed as trustees for the fund. Prescient is a full member of the Association for Savings & Investment SA (ASISA). Exchange Traded Funds vs Unit Trusts: Whilst both unit trusts and ETFs are regulated and registered under the Collective Investment Schemes Control Act, ETFs trade on stock exchanges just like any other listed, tradable security. Unlike a unit trust, which can be bought or sold only at the end of the trading day, an ETF can be traded intraday, during exchange trading hours. Exchange traded funds are listed on an exchange and may incur additional costs. This portfolio operates as a white label fund under the Prescient ETF Scheme, which is governed by the Collective Investment Schemes Control Act.

Management Company: Prescient Management Company (RF) (Pty) Ltd **Registration number:** 2002/022560/07 **Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 **Postal address:** PO Box 31142, Tokai, 7966. **Telephone number:** 0800 111 899 **E-mail address:** info@prescient.co.za **Website:** www.prescient.co.za.

Trustee: Standard Bank of South Africa Ltd **Registration number:** 1962/000738/06 **Physical address:** Standard Bank Centre, 5 Simmonds Street, Johannesburg, South Africa 2001 **Telephone number:** 0860 222 050 **Website:** www.standardbank.co.za

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

CISs 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?

As this is a new fund the fact sheet does not include performance information yet. Once performance information is available the following will apply: Performance is calculated by using net NAV to NAV numbers 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 and are available to investors on request. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

HOW ARE THE BENCHMARK RETURNS CALCULATED?

The benchmark used for performance purposes is the MSCI Emerging Markets Index.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available. 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 the 12 months to end of the previous financial year (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 the manager's website: www.prescient.co.za.

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.

The fund has adhered to its policy objective.