

# CORONATION GLOBAL CAPITAL PLUS FUND [EUR HEDGED CLASS]

Fund Information as at 31 December 2018

## WHAT IS THE FUND'S OBJECTIVE?

Global Capital Plus is in the first instance managed to achieve reasonable investment growth over time. Our intent is that the fund should meaningfully outperform an investment in developed market cash over time. In addition, we aim to preserve capital over any 12-month period.

## WHAT DOES THE FUND INVEST IN?

Global Capital Plus can invest in all listed asset classes including shares, listed property, bonds and cash. The fund will primarily have exposure to developed economies (including the US, Europe and Japan) but can also invest in emerging markets.

The fund is managed to suit the needs of more conservative investors who want to invest for longer than three years. Exposure to growth assets (shares and listed property), which pose more risk than income assets, will typically not exceed 50%.

The intent is to keep the fund fully invested in foreign assets at all times. While the underlying exposure in this class is to diversified assets across international markets, all returns are fully hedged back into Euro.

The fund is allowed to make use of exchange traded funds and financial instruments to implement its investment views.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Global Capital Plus aims to protect capital over any 12-month period in all market conditions, while offering real investment growth over the long term. However, capital is not guaranteed.

The fund invests in a broad range of different assets and many countries.

Its exposure to shares, which offer the best long-term investment growth, could help maximise returns. However, with this long-term growth comes short-term volatility, which may affect the fund's returns. This risk is mitigated to some extent as growth asset exposure will not exceed 50%.

Global currency movements may intensify investment gains or declines.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

An investment term of more than three years is recommended.

## WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- seek a single international investment that will give them access to some of the best opportunities around the globe, while aiming to protect their capital;
- require conservative exposure to offshore markets;
- do not require an income from their investment.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% is payable.

If the fund performance over any 24-month period is negative in EUR, the fee is reduced to 0.85%. The underperformance reduction will cease from 01 October 2018. All fees exclude VAT.

Fund expenses that are incurred in the fund include administrative, trading, custody and audit charges. Performance information is disclosed after deducting all fees and other portfolio costs.

We do not charge fees to access or withdraw from the fund.

Large investments or redemptions (exceeding 5% of fund value) may be subject to an anti-dilution levy to defray dealing costs and expenses. This levy, where applicable, is applied fully for the benefit of the fund.

More detail is available on [www.coronation.com](http://www.coronation.com).

## WHO ARE THE FUND MANAGERS?

### TONY GIBSON

BCom

### LOUIS STASSEN

BSc, BCom (Hons), CFA

### NEIL PADOA

BEconSci (AcSci), FFA

## GENERAL FUND INFORMATION

Fund Launch Date	1 September 2009
Class	EUR Hedged (Previously Class E)
Class Type	Accumulation
Class Launch Date	1 December 2011
Fund Domicile	Ireland
Listing	Irish Stock Exchange
Currency	Euro
Benchmark	3-month EURIBOR +1.5%
Investment Minimum	€15 000
Bloomberg	CORGLTE
ISIN	IE00B764Y134

# CORONATION GLOBAL CAPITAL PLUS FUND [EUR HEDGED CLASS]

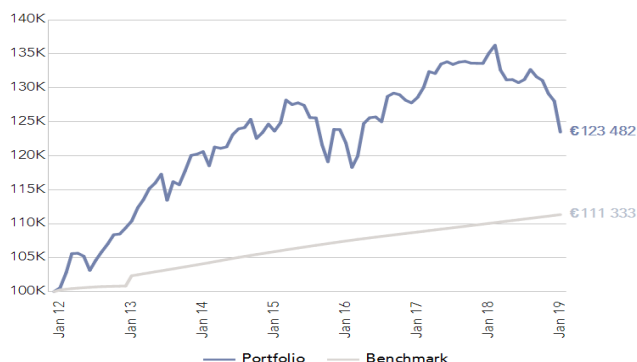
CLASS E as at 31 December 2018

Launch date	01 December 2011
Fund size	€ 856.43 million
NAV	12.35
Benchmark/Performance	3-month EURIBOR + 1.5%
Fee Hurdle	
Portfolio manager/s	Tony Gibson, Louis Stassen and Neil Padoa

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.59%	1.36%
Adjusted for out/(under)-performance	1.50%	1.49%
Fund expenses	-	(0.24)%
VAT	0.09%	0.11%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.08%	0.09%
	1.67%	1.45%

## PERFORMANCE AND RISK STATISTICS

### GROWTH OF A €100,000 INVESTMENT (AFTER FEES)



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2018
Equities	29.4%
Merger Arbitrage	0.4%
Property	12.1%
Commodities	4.2%
Bonds	17.7%
Cash	36.3%

## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	23.5%	11.3%	12.1%
Since Launch (annualised)	3.0%	1.5%	1.5%
Latest 5 years (annualised)	0.5%	1.4%	(0.9)%
Latest 3 years (annualised)	0.4%	1.2%	(0.8)%
Latest 1 year	(8.6)%	1.2%	(9.8)%
Year to date	(8.6)%	1.2%	(9.8)%

## TOP 10 HOLDINGS

### As at 31 Dec 2018

Alphabet Inc
Anheuser-Busch Inbev
Blackstone Group
British American Tobacco
Charter Communications
Heineken
Intu Properties
Philip Morris International
Twenty-First Century Fox
Unibail Group

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	5.1%	0.1%
Sharpe Ratio	0.58	N/A
Maximum Gain	13.7%	N/A
Maximum Drawdown	(9.4)%	N/A
Positive Months	60.0%	N/A

	Fund	Date Range
Highest annual return	13.7%	Jun 2012 - May 2013
Lowest annual return	(8.6)%	Jan 2018 - Dec 2018

## CURRENCY ALLOCATION

### Currency as at 31 Dec 2018

Euro	100%
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This fund is available in 3 hedged currency classes (Euro, Pound Sterling & US Dollars) as well as a Houseview currency class. This is the fact sheet for the Euro hedged currency class.

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.9%	(2.7)%	(1.1)%	0.0%	(0.3)%	0.3%	1.1%	(0.8)%	(0.4)%	(1.5)%	(0.8)%	(3.6)%	(8.6)%
Fund 2017	1.1%	1.8%	(0.2)%	1.0%	0.3%	(0.3)%	0.3%	0.1%	(0.2)%	0.0%	0.0%	1.1%	5.1%
Fund 2016	(2.9)%	1.4%	4.0%	0.7%	0.1%	(0.6)%	3.0%	0.4%	(0.2)%	(0.6)%	(0.3)%	0.6%	5.5%

# CORONATION GLOBAL CAPITAL PLUS FUND [EUR HEDGED CLASS]

Quarterly Portfolio Manager Commentary

*Please note that the commentary is for the retail class of the fund.*

The last quarter of 2018 brought misery to most investors as the market's focus shifted to growing concerns around global growth prospects. On the one hand, clouds started gathering over the prospects for the US economy as the combination of practically full employment, further interest rate normalisation and the growing risk of significantly higher trade tariffs worldwide resulted in a dramatic shift out of risk assets. These fears were confirmed and further emphasised by the briefly inverted US yield curve, which historically has been a good predictor of recessions in the US. At the same time, and even ahead of the increased antagonism between the US and China, China's growth momentum started to slow visibly. This contributed to investor anxiety about global growth, as fears over the increasing debt build-up in China once again made the headlines. US President Donald Trump's increasingly aggressive stance towards trade tariffs added fuel to this fear-driven fire. In Europe, the rise of populism in some of the larger Western European countries affected confidence in their banking system, while the mass protests in France and ongoing Brexit negotiations further spooked investors.

All these factors and events led to a sharp and dramatic re-appraisal of economic growth and risky assets, with global equities suffering significant price declines in both the months of October and December 2018. December's sell-off was the worst end to a year in the last 45 years. The fourth quarter of 2018 ended up returning negative 12.8% for the MSCI All Country World Index (ACWI), and many markets officially entered bear market territory, with declines of more than 20% from previous highs. Long bond rates declined, given the poorer outlook for global growth, resulting in a marginally positive return quarter for the asset class. Within equities, utilities and real estate (both beneficiaries of lower long-term interest rates) did the best in relative terms. For once, consumer staples lived up to their defensive reputation and outperformed the overall ACWI by about 6%. On the other side of the spectrum, energy was the laggard, given the spectacular drop in the price of oil. The indiscriminate selling of longer duration (higher growth) assets resulted in information technology shares being punished, while other cyclical sectors such as consumer discretionary, industrials and materials also performed poorly. The US equity market slightly underperformed the rest of the world, and surprisingly, emerging markets marginally outperformed the developed world over the quarter.

As mentioned above, long rates in the US declined against this backdrop, with global bonds producing a marginally positive performance. Credit spreads, however, widened given the concerns around global growth, resulting in a negative quarter for credit. Global listed property yielded a negative return of 5.5% over the three-month period, which was better than equities, but still disappointing given the drop in long rates. Within listed property, the US market performed marginally better than the global index. Japan delivered a very strong performance given improving fundamentals for the country's listed property sector. Europe was particularly hard hit, and the UK had a disastrous period given the increased uncertainty around Brexit and a significantly poorer outlook for the sector. Commodities, as expected, had a very tough time given global growth concerns, and gold - for once - lived up to its safe-haven status in a world of increasing uncertainty. The gold price rose by 7.5% over the quarter.

The poor quarter for equities meant that the ACWI returned negative 9.4% for calendar year 2018 - a poor showing after the very strong 2017. For the full year, the US outperformed Europe by almost 10%, with Japan doing slightly better than Europe. Developed markets outperformed emerging markets by about 5% - the first time in the last three years that this has happened. Over the longer term, the developed market outperformance is still marked. Among the emerging markets grouping, Brazil and Russia were the standout performers. Healthcare was the surprising sectoral outperformer in 2018, with financials, industrials, materials, and communication services lagging. The range of sectoral returns was relatively narrow.

Bonds yielded a negative return of just over 1% for the 2018 calendar year, as did property with a negative 4.7% return. Gold was also marginally negative, highlighting the fact that investors really had no place to hide but in US dollar cash.

There were no major moves in the currency markets over the quarter, but over the last 12 months the US dollar strengthened by about 14% against the euro, and by about 4% against the yen.

During these turbulent times, the fund did not perform well. It was down 5.8% over the quarter, with the bulk of this negative return taking place in the month of December. Our defensive asset allocation position (we had less than 26% equity over most of 2018) was unfortunately negated by poor instrument selection, both within equities and listed property. The disappointing fourth quarter resulted in a poor 2018, with the fund returning negative 8.6%. The fund has returned positive 0.4% p.a. over the last three years, and 3.0% p.a. since its inception almost 9 years ago. These longer-term numbers are satisfactory, but we are determined to fix the shorter-term performance issues.

The bulk of the disappointing performance in 2018 was due to poor equity stock selection, which we discuss in more detail below. Our property holdings (particularly those in the UK also performed very poorly, led by Intu where the second bid for the company in 18 months failed given Brexit jitters. Our fixed interest portion within the portfolio performed reasonably well, but the allocation was not large enough to offset the other detractors. Our equity hedges also helped to reduce the impact of the poor equity market on the overall portfolio. The cost of protection has now risen materially, and hence going forward these hedges will be structured on a more opportunistic basis.

In the previous quarterly report, we highlighted Advance Auto Parts - the fund's biggest positive contributor over 2018. We have subsequently exited this position in favour of shares where we anticipate greater upside from current levels, on a risk-adjusted basis. Other notable positive contributors over the last year included long-time holdings such as Amazon, Alphabet and Blackstone. However, as mentioned above, these positive positions were more than cancelled out by the underperformers. We spoke before about our position in the tobacco stocks. These holdings were the biggest detractors. British American Tobacco was by far the biggest culprit. Limited Brands also detracted materially during the year. The business's profits continued to disappoint as the group had to focus on discounting their products to entice customers to spend.

When assessing the prospects of our holdings in the fund, we are excited about their potential. The equity holdings are managed by capable executive management teams, and most of them have strong value propositions for their customers. While it is difficult to assess where we are in the equity market cycle, we see more opportunities following the recent sell-off. We have thus increased the equity allocation somewhat to the highest level in more than six months (just below 30% at the time of writing this report). We continue to be positive about the prospects for our property holdings, and we are starting to find selective value in the credit market. We are clearly not satisfied with the fund's more recent performance, but have not changed our process or philosophy, and remain confident that those factors that have yielded success over the longer term, will continue to serve us and our clients well in future.

**Portfolio managers**  
**Tony Gibson, Louis Stassen and Neil Padoa**  
as at 31 December 2018

# CORONATION GLOBAL CAPITAL PLUS FUND [EUR HEDGED CLASS]

## Important Information

### IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL CAPITAL PLUS FUND

The Global Capital Plus 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 top 10 holdings are reflected on a look-through basis. The fund is mandated to invest up to 100% of its portfolio into foreign securities and may as a result be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Coronation reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Coronation Global Fund Managers (Ireland) Limited is authorised in Ireland and regulated by the Central Bank of Ireland. The fund is approved under Section 65 of the Collective Investment Schemes Control Act by the Financial Sector Conduct Authority of South Africa. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider.

Northern Trust Fiduciary Services has been appointed as the fund's trustees ([www.northerntrust.com](http://www.northerntrust.com); t: +353-1-542-2000), and its custodian is JP Morgan Administration Services (Ireland) Limited ([www.jpmorgan.com](http://www.jpmorgan.com); t: +353-1-612-4000). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

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

Unit trusts are traded at ruling prices set on every business day. Fund valuations take place at approximately 17h00 each business day (Irish Time) and forward pricing is used. Instructions must reach Coronation before 12h00 (SA Time) one day prior to the dealing date. You can expect to receive withdrawal payouts three business days after the dealing day. Large investments or redemptions (exceeding 5% of fund value) may be subject to an anti-dilution levy to defray dealing costs and expenses. This levy, where applicable, is applied fully for the benefit of the fund.

### HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class E NAV prices. All underlying price and distribution data are sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

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

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of September 2017 (updated annually). The 3 year TER is for a rolling 36-month period to the last quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

### ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

### WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on [www.coronation.com](http://www.coronation.com). You will also find additional information on the considerations pertinent to investing in a fund denominated in a foreign currency and domiciled in an offshore jurisdiction.

### IMPORTANT INFORMATION REGARDING TERMS OF USE

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