

CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

Fund Information as at 31 May 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 any five-year period. 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. It will have exposure to a variety of currencies, with a general bias towards developed markets, specifically to the US dollar and euro.

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

This feeder fund aims to remain fully invested in units in the Global Capital Plus 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.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



6/10

Moderate

Maximum growth/ minimum income exposures



■ Growth Assets: 50%

□ Income Assets: 50%

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. Global currency movements may intensify investment gains or declines.

A conservative multi-asset fund which aims to preserve capital, it is classified as having a conservative to moderate risk profile. However, the fund has significant foreign asset exposure and is therefore subject to currency volatility. For the rand investor the risk profile of the fund should be considered as moderate to high.

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.

Of the annual fee 0.40% is collected at feeder fund level, while the balance of the fee is collected in the master fund.

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

All fees exclude VAT. Fund expenses incurred in the fund include fees payable to unconnected international fund managers on a portion of assets situated offshore as well as trading, custody and audit charges. All performance information is disclosed after deducting all fees and other fund costs.

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

More detail is available on 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

Launch Date	1 November 2008
Fund Class	A
Benchmark	100% USD 3-month LIBOR + 1.5%
Fund Category	Global – Multi-asset – Low Equity
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COGCPFA
ISIN Code	ZAE000126652
JSE Code	COLA

CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

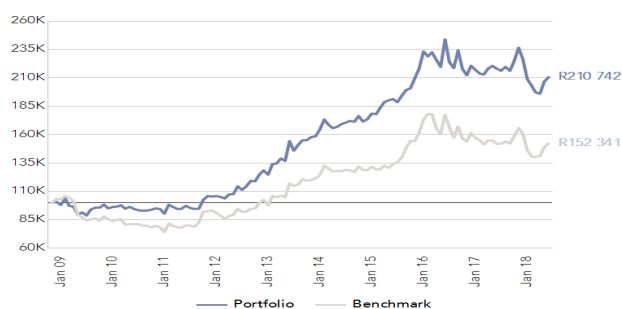
CLASS A as at 31 May 2018

Fund category	Global - Multi Asset - Low Equity
Launch date	01 November 2008
Fund size	R 2.15 billion
NAV	218.74 cents
Benchmark/Performance	100% USD 3-month LIBOR+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	1.43%	1.47%
Adjusted for out/(under)-performance	-	(0.13)%
Fund expenses	0.02%	0.11%
VAT	0.07%	0.07%
Transaction costs (inc. VAT)	0.09%	0.09%
Total Investment Charge	1.61%	1.61%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2018
Equities	26.2%
Property	12.6%
Commodities	3.8%
Bonds	12.4%
Cash	45.0%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (ZAR)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	110.7%	52.3%	58.4%
Since Launch (annualised)	8.1%	4.5%	3.6%
Latest 5 years (annualised)	6.4%	5.4%	1.0%
Latest 3 years (annualised)	3.3%	4.3%	(1.0)%
Latest 1 year	(3.4)%	0.3%	(3.7)%
Year to date	0.8%	4.1%	(3.3)%

TOP 10 HOLDINGS

As at 31 Mar 2018

Alphabet Inc
British American Tobacco
Charter Communications
Comcast Corp
Hammerson
Heineken
Intu Properties
Pershing Square Holdings
Unibail-Rodamco
Vonovia

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (USD)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	62.4%	17.6%	44.8%
Since Launch (annualised)	5.2%	1.7%	3.5%
Latest 5 years (annualised)	1.7%	0.7%	0.9%
Latest 3 years (annualised)	1.9%	2.8%	(0.9)%
Latest 1 year (annualised)	0.6%	3.2%	(2.6)%
Year to date	(2.0)%	1.5%	(3.5)%
2017	7.6%	2.8%	4.8%
2016	5.6%	2.3%	3.3%
2015	(3.2)%	(2.1)%	(1.1)%

CURRENCY ALLOCATION

Currency as at 31 May 2018	% of Fund
US Dollar	97.2%
Other	2.8%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	12.5%	13.6%
Sharpe Ratio	0.40	N/A
Maximum Gain	23.7%	N/A
Maximum Drawdown	(19.6)%	N/A
Positive Months	57.4%	N/A

	Fund	Date Range
Highest annual return	34.8%	Jun 2012 - May 2013
Lowest annual return	(10.6)%	Jun 2016 - May 2017

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	(2.8)%	(2.9)%	(0.5)%	5.4%	1.9%								0.8%
Fund 2017	(1.5)%	(0.4)%	2.5%	1.1%	(1.1)%	(0.8)%	1.5%	(1.5)%	3.9%	5.2%	(4.2)%	(7.8)%	(3.7)%
Fund 2016	(1.8)%	1.5%	(2.9)%	(2.6)%	10.9%	(8.1)%	(2.4)%	7.0%	(6.9)%	(2.6)%	3.9%	(1.6)%	(6.9)%

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.

Our previous quarterly report highlighted the almost ominously low levels of volatility as evidenced in the length of the bull market (without a technical pull back), the fact that calendar 2017 showed no negative monthly returns (a market first), and the very low levels of implied volatility when buying options. The first quarter of 2018 however shattered this level of complacency. While the year started with a very strong January, a combination of the re-assessment of interest rate levels over the next few years, aggravated by some inflationary pressures, as well as a renewed focus on the privacy debate pertaining to the new technology giants (on the back of some data manipulation claims against Facebook) led the equity market into a new era of volatility. Both February and March produced negative returns, and moving into April the market flirted with the 10% retracement level that would constitute a technical correction. The more recent market jitters have been in response to the increasing probability of a US/China trade war.

The quarterly return for the MSCI All Country World Index (ACWI) was negative 1.0%. Surprisingly, emerging markets outperformed developed markets, producing a return of 1.4%. The rolling 12-month return for the ACWI remains impressive at 14.9%, surpassed by an emerging markets return of 24.9%. The ACWI's five-year annualised return is also reasonable (9.2% p.a.), this time exceeding that of emerging markets (5.0% p.a.). Sectors that outperformed over the last quarter include information technology (ironically, given the recent pressure on Facebook and some of the other industry giants) and consumer discretionary. Materials and energy predictably performed poorly given the change in interest rate outlook, but it also adversely affected consumer staples, which sold off with the increase in longer term bonds (having erroneously been considered as bond proxies during the search for yield a few years ago). The US marginally outperformed the developed markets grouping, but continued currency weakness resulted in US dollar returns being very similar across different markets.

Global bond yields weakened slightly over the quarter, but the weaker US dollar also affected bond market returns worldwide. The Bloomberg Barclays Global Aggregate Bond Index's quarterly return of 1.4% (reported in US dollars) was at least 100 basis points lower in local currency terms. Listed property produced a negative return of 4.3%, affected by both interest rate jitters and a general risk-off trade. The US led the decline in this asset class, and apart from Japan, returns from most other regions were also negative. Again, the weaker US dollar aided the translation to the reporting currency (in USD).

Most commodities sold off against a backdrop of increased concern over the health of the global economy. Gold was essentially flat over the quarter.

The fund had a disappointing start to the year, returning negative 2.2% over the quarter. The 12-month lagging return is now positive 1.9%, while the since inception number is 4.1% p.a. Over five years and since inception, the fund is comfortably ahead of its benchmark.

Our decision to reduce equity exposure some time ago helped the fund's absolute performance, but our stock selection over the quarter and over the last 12 months have been weak. Our instrument selection in property was also poor, as was our overweight position in the asset class. Our credit positions in fixed income performed reasonably, and our gold holding added marginally.

Our biggest positive equity contributors included Amazon (continued rerating on the back of sound execution and speculation about entering other categories), Advance Auto Parts (turnaround strategy gaining early traction after oversold share price), Hammerson (an unexpected bid for the company being rebuffed by its Board), and Airbus (a recent portfolio introduction continuing to execute well). The largest equity detractor was the prior quarter's top performer – L Brands, where a poor trading statement resulted in the share price retreating to previous lows. Other losers included Altice (cable operator with poor results in its home market, France) and Intu Properties (fears that proposed Hammerson deal would fall through). Some of our consumer staple holdings were also marked down in line with the comments above.

We have significantly increased our portfolio exposure to tobacco stocks over the last 12 months. Currently about 3.5% of the fund is invested in stocks such as British American Tobacco, Philip Morris International, Japan Tobacco and Imperial Brands. While each company potentially offers a slightly different angle in terms of future potential returns, the overarching investment thesis is that the development of next generation products (while disruptive to the incumbent players in what has been a very stable industry) could prove to present the market with a new growth vector. Heat-not-burn and vapour products have found favour with both existing smokers, as well as ex-smokers, and allow the industry to benefit from premium pricing for these products. The recently announced Food and Drug Administration's review of the industry in America has increased uncertainty in the shorter term, allowing us to pay what we would consider attractive prices for these stocks. In the longer run, we anticipate the larger players to consolidate the new technologies, leading to improving margins compared to the combustible market (assuming no adverse tax developments). Some of these companies are now trading at valuation multiples not far off those levels when they were facing potentially crippling financial legal claims, and we think these positions will serve the fund well over the medium to longer term.

While the fund's short-term performance has been a disappointment, we take encouragement from the fact that the portfolio is showing very attractive potential upside based on our assessment of fair value for our individual holdings in the equity and property buckets. We continue to manage overall portfolio risk. Over the last 12 months, these measures cost the fund 32 basis points. The cost of protection has now risen materially, and we would in all likelihood not replace the current protection measure when they expire.

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

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

The Global Capital Plus [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. 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. Asset allocation is 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 Investment Management International (Pty) Ltd (FSP45646), 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.

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 our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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