

# CORONATION GLOBAL CAPITAL PLUS FUND [USD HEDGED CLASS]

Fund Information as at 30 April 2019

## 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 US Dollar.

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.

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. All fees exclude VAT.

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

<b>Fund Launch Date</b>	1 September 2009
<b>Class</b>	USD Hedged (Previously Class F)
<b>Class Type</b>	Accumulation
<b>Class Launch Date</b>	1 December 2011
<b>Fund Domicile</b>	Ireland
<b>Listing</b>	Irish Stock Exchange
<b>Currency</b>	US Dollar
<b>Benchmark</b>	3-month USD LIBOR +1.5%
<b>Investment Minimum</b>	US\$15 000
<b>Bloomberg</b>	CORGLTF
<b>ISIN</b>	IE00B430YJ17

# CORONATION GLOBAL CAPITAL PLUS FUND [USD HEDGED CLASS]

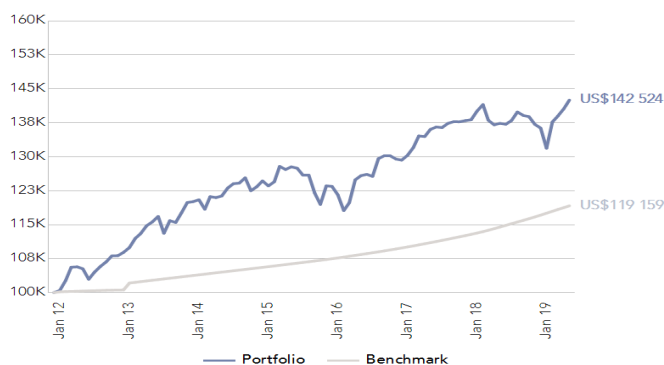
CLASS F as at 30 April 2019

Launch date	01 December 2011
Fund size	US\$ 909.94 million
NAV	14.25
Benchmark/Performance	3-month USD 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%	1.39%
Adjusted for out/(under)-performance	1.34%	1.40%
Fund expenses	-	(0.10)%
VAT	0.09%	0.09%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.07%	0.08%
	1.50%	1.47%

## PERFORMANCE AND RISK STATISTICS

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



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Apr 2019
Equities	30.1%
Merger Arbitrage	0.4%
Property	9.4%
Commodities	3.3%
Bonds	13.9%
Cash	42.9%

## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	42.5%	19.2%	23.4%
Since Launch (annualised)	4.9%	2.4%	2.5%
Latest 5 years (annualised)	3.3%	2.7%	0.6%
Latest 3 years (annualised)	4.2%	3.2%	1.0%
Latest 1 year	3.7%	4.1%	(0.3)%
Year to date	8.1%	1.4%	6.7%

## TOP 10 HOLDINGS

As at 31 Mar 2019	% of Fund
Alphabet Inc	3.6%
British American Tobacco	3.6%
Charter Communications	3.5%
Blackstone Group	2.2%
Altice USA	2.0%
Airbus	1.9%
Philip Morris International	1.8%
Anheuser-Busch Inbev	1.8%
Facebook	1.8%
Naspers	1.5%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	5.2%	0.2%
Sharpe Ratio	0.83	N/A
Maximum Gain	13.5%	N/A
Maximum Drawdown	(7.6)%	N/A
Positive Months	64.0%	N/A
	Fund	Date Range
Highest annual return	13.5%	Jun 2012 - May 2013
Lowest annual return	(6.3)%	Mar 2015 - Feb 2016

## CURRENCY ALLOCATION

Currency as at 30 Apr 2019	
US Dollar	100%

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 US Dollar hedged currency class.

## MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	4.4%	0.9%	1.1%	1.4%									8.1%
Fund 2018	1.0%	(2.4)%	(0.7)%	0.2%	(0.1)%	0.6%	1.4%	(0.5)%	(0.2)%	(1.2)%	(0.6)%	(3.3)%	(5.9)%
Fund 2017	1.3%	1.9%	(0.1)%	1.2%	0.4%	(0.1)%	0.7%	0.3%	0.0%	0.2%	0.1%	1.4%	7.5%

# CORONATION GLOBAL CAPITAL PLUS FUND [USD HEDGED CLASS]

Quarterly Portfolio Manager Commentary

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

No sooner had the dust settled on 2018 than global investors changed their focus from recessionary fears to the more dovish commentary from both the US and European central banks in response to the weaker global economic outlook amidst heightened trade war fears. Expectations around future interest rate moves repriced significantly, with investors now expecting the next move to be a decline in short rates in the US. While this outlook continues to discount a significantly more dovish scenario than suggested by the US Federal Reserve's dot plot, this divergent interest rate view has been a feature of the market for quite some time. We continue to hold a slightly more hawkish view with regards to interest rates, and believe the market has become too complacent about inflationary pressures as well as interest rates. Long bonds also repriced, with 10-year Treasuries now trading at around 2.5% after touching 3.2% in the fourth quarter of 2018 (Q4-18).

Global equities performed well, almost fully erasing the declines of Q4-18, with the MSCI All Country World Index returning 12.2% over the quarter (Q1-19) on a net basis. As a result, the lagging 12-month performance has turned positive again, achieving 2.6% (net). The US outperformed Europe by about 3% over Q1-19 and by 12.5% over the last year. Japan was a notable laggard over these periods, returning 6.6% over Q1-19, and negative 7.6% over the last year. Emerging markets (as measured by the MSCI Emerging Markets Index) also underperformed their developed market peers by generating 9.9% (net) over the quarter and negative 7.4% (net) over the year. China bounced back strongly, as would have been expected given the slightly improved macroeconomic backdrop, but still performed poorly over the last 12 months. Information technology was the best performing sector given the reduced long-term discount rate, while interest rate sensitive sectors such as real estate and consumer discretionary also did well. Energy rebounded on the back of the stronger oil price. Healthcare and financials were the laggards, the latter suffering from the flattening of, and drop in, the yield curve.

Surprisingly, the US dollar also strengthened by 2.2% against the euro and by 1.1% against the yen, contributing to the underperformance of the other regions. Gold was marginally positive over Q1-19.

As alluded to above, global bonds (as measured by the Bloomberg Barclays Global Aggregated Bond Index) had a good quarter with a positive return of 2.2% despite the stronger US dollar suppressing non-US asset returns. Over the last 12 months, the total return for global bonds was still marginally negative though. Global listed property performed well against the more benign outlook for interest rates, returning almost 15% over Q1-19. All regions were strong, led by the US, although Japan again lagged the rest of the world. Retail property stocks rebounded from their oversold levels.

The fund had a strong quarter, generating a return of 6.7%—one of its best quarters in a long time. Over the three years to end-March 2019, the fund returned 4.0% p.a. Since inception, the fund delivered an annualised return of 4.8%.

While we increased the fund's equity exposure over Q1-19, we continued to position it relatively conservatively, by buying put options from time to time and by reducing the risk asset exposure following the period of strong equity market performance. Currently the fund has 29.1% effective equity exposure and 10% exposure to listed property. Our property exposure, while lagging the overall property index return, still contributed strongly to the fund's good performance. Our fixed interest component was very conservatively positioned, thus not participating much in the downward move in long bonds. Over the last 12 months, the major detractors were our UK property holdings.

Within equities, we are pleased some of our detractors in previous quarters turned around strongly in Q1-19 to contribute to our good performance. British American Tobacco was the biggest contributor (arguably from a very oversold position), followed by Altice USA which has re-rated on slightly better than expected results and rumours of an asset sale that will help the company delever quicker than expected. Airbus continued to perform well, aided of late by the misfortunes of its biggest competitor Boeing. Philip Morris, Charter Communications and Pershing Square Holdings (Pershing) also materially added to the fund's outperformance.

As indicated earlier, we have reduced both our equity and listed property exposure somewhat into the rally. While equity valuations are not high, we remain circumspect regarding the future direction and absolute level of US interest rates while also keeping an eye on geopolitical developments.

Pershing is a stock we have held in the portfolio for a long time. We received some questions about this holding, as it represents an investment into a fund actively managed by Bill Ackman, an activist investment manager with a great track record until a few years ago. The fund is a permanent capital vehicle with a relatively high fee structure. This means that unless Ackman performs very well, the fund will tend to perform worse than the market after fees. At the time of investing, Ackman's fortunes have turned for the worse, following some high-profile disasters such as investing in Valeant Pharmaceuticals and shorting Herbalife. We bought into the fund at a discount to net asset value (NAV) of about 15% - 20%, which consists of only listed equities.

Interventions by Ackman since we established our holding included buying back 10% of the fund at a 15% discount to NAV and investing another 10% into the fund in his personal capacity. Over the last 12 - 18 months, his fortunes started changing materially, to the extent that the fund has outperformed the S&P 500 Index by more than 20% over this time. Investors have continued to remain on the sidelines though, as is evidenced by the current discount to NAV of 27%. We believe that this level of discount is unsustainable, and that a number of alternative actions could help realise some or all of this value. In all of these outcomes investors will benefit substantially. At the same time though, we have reduced exposure to the stock somewhat, as we are worried that the asset values are now at challengingly high levels. This experience has again highlighted the benefit of taking a longer-term investment view. While these high-conviction ideas do not always work out as well as Pershing, we will continue to look for ideas across the investment spectrum, in both conventional and unconventional sectors and circumstances.

We thank our investors for their continued support. We remain focused on balancing the dual objectives of delivering both a reasonable return while being cognisant of our investors' low risk tolerance by investing in a range of asset classes.

**Portfolio managers**  
**Louis Stassen, Tony Gibson and Neil Padoa**  
as at 31 March 2019

# CORONATION GLOBAL CAPITAL PLUS FUND [USD 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 F 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 2018 (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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