CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

CORONATION
TRUST IS EARNED™

Fund Information as at 30 November 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 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.

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?

LOUIS STASSEN
BSc, BCom (Hons), CFA

NEIL PADOA
BEconSc (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 30 November 2019

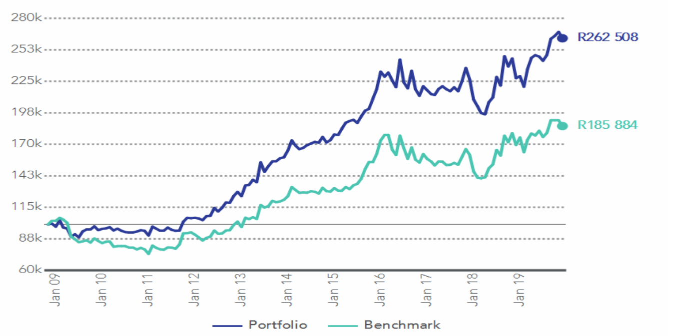
CORONATION
TRUST IS EARNED™

Fund category	Global - Multi Asset - Low Equity
Launch date	01 November 2008
Fund size	R 2.41 billion
NAV	272.47 cents
Benchmark/Performance Fee Hurdle	100% USD 3-month LIBOR+1.5%
Portfolio manager/s	Louis Stassen and Neil Padoa

	1 Year	3 Year
Total Expense Ratio	1.42%	1.40%
Fund management fee	1.25%	1.37%
Fund expenses	0.11%	(0.03)%
VAT	0.06%	0.07%
Transaction costs (inc. VAT)	0.04%	0.07%
Total Investment Charge	1.46%	1.47%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (ZAR)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	162.5%	85.9%	76.6%
Since Launch (annualised)	9.1%	5.8%	3.3%
Latest 10 years (annualised)	10.7%	8.1%	2.6%
Latest 5 years (annualised)	8.6%	7.6%	1.0%
Latest 3 years (annualised)	6.0%	4.8%	1.2%
Latest 1 year	15.3%	9.7%	5.6%
Year to date	14.4%	5.7%	8.7%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (USD)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	75.0%	24.7%	50.3%
Since Launch (annualised)	5.2%	2.0%	3.2%
Latest 10 years (annualised)	3.4%	1.0%	2.4%
Latest 5 years (annualised)	2.6%	1.8%	0.8%
Latest 3 years (annualised)	4.5%	3.5%	1.0%
Latest 1 year (annualised)	8.5%	4.0%	4.6%
Year to date	12.5%	3.6%	8.9%
2018	(6.1)%	3.9%	(10.0)%
2017	7.6%	2.8%	4.8%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.1%	14.1%
Sharpe Ratio	0.37	N/A
Maximum Gain	23.7%	N/A
Maximum Drawdown	(19.6)%	N/A
Positive Months	57.9%	N/A

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

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Nov 2019
Equities	29.8%
Property	7.0%
Commodities	4.0%
Bonds	10.5%
Cash	48.7%

TOP 10 HOLDINGS

As at 30 Sep 2019	% of Fund
British American Tobacco	1.5 %
Alphabet Inc	1.4 %
Charter Communication A	1.3 %
Philip Morris Int Inc	1.1 %
Heineken NV	1.1 %
Blackstone Group	1.0 %
Anheuser-busch Inbev	1.0 %
Unibail Group Stapled	0.9 %
Facebook Inc.	0.8 %
Airbus Group Se	0.8 %

CURRENCY ALLOCATION

Currency as at 30 Nov 2019	% of Fund
US Dollar	88.2%
Other	11.8%

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	(4.0)%	7.0%	4.2%	0.9%	(0.5)%	(1.5)%	2.1%	5.6%	1.0%	1.3%	(2.1)%		**14.4%**
Fund 2018	(2.8)%	(2.9)%	(0.5)%	5.4%	1.9%	8.5%	(3.3)%	11.6%	(3.6)%	2.9%	(7.0)%	0.8%	**9.8%**
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)%**

Issue date: 2019/12/10

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

The narrative around what the short-term driving forces for global equity markets are, has not changed materially since the previous quarter, nor since the beginning of the year. Investors are still fixated by the anticipation of lower interest rates in the US and the ebb and flow of trade war rhetoric between the US and its major trading partners. During the third quarter, these variables resulted in essentially a zero-return generated by global equites. We did see the US Federal Reserve Board (the Fed) cutting rates by 25 basis points at its last Federal Open Market Committee meeting, but a slightly less dovish commentary surrounding the interest rate cut disappointed investors. On the other hand, there has been some reprieve in the tit-for-tat tariffs imposed by both the US and China, with implementation dates pushed out and negotiations continuing. The year-to-date benchmark index return of 16.2% speaks more to a low base from the fourth quarter of last year (the 12 months lagging return is only 1.4%) than to better news on the economic or corporate profits fronts. The three-year return of 9.7% p.a. is slightly above long-term averages.

The US equity market continues to perform better than its counterparts around the world. It has outperformed Europe by 6.5% over the first nine months of the year and by over 4% over the last 12 months. The performance of its financial sector relative to that of Europe, as well as the strength of the information technology (IT) sector in the US, explains the majority of this outperformance. Japan had a better quarter in relative terms, but still lags the US materially over the longer periods. Emerging markets (EMs) continue to underperform their developed market peers, primarily as a result of poorer corporate profit growth and some self-inflicted economic pain. EM currencies by and large have actually been reasonably strong.

From a sectoral perspective, consumer staples outperformed over the quarter, while the economically sensitive energy and materials sectors underperformed. IT and real estate were also strong. Over the last 12 months, utilities and real estate were the strongest outperformers, on the back of expectations of lower interest rates, with consumer staples also outperforming the benchmark index by almost 9%. Energy and materials were the underperformers, with healthcare also lagging as a result of proposals by Democratic Party presidential candidates to radically overhaul the US healthcare system.

Global bonds continued to rally (reflecting lower yields), as concerns about global growth prospects lingered, with no visible signs of inflationary pressures in the developed economies. However, in dollar terms, most bond markets generated negative returns as a result of the stronger US dollar, discussed in more detail below. Over the last year, global bonds have generated very strong returns, with US bonds returning 11.0% and European bonds over 8%, despite the stronger US dollar over this period.

Global property performed well over the quarter, handsomely outperforming equities, and, over the last 12 months, have now generated better returns than equities. Logistics continued to find favour with investors, but even retail real estate investment trusts (REITs) had a good quarter. Japanese property stocks performed the best, with the US not far below. Hong Kong REITs and developers lost a fair amount of their value in the light of the escalation in violence in the territory.

The US dollar continues to strengthen against its major trading partners, causing more angst amongst the Trump administration about the competitiveness of US exports. The US dollar outperformed the euro by over 4% over the quarter, and by 6.2% over the last year. The Japanese yen was the only major currency that strengthened against the US dollar over the last year.

In the light of the increased global uncertainties it is not surprising that gold continued to do well, generating a positive return of almost 4% over the quarter. However, given the extent of the perceived risks around the globe, we are slightly disappointed by the performance of the precious metal.

Your fund performed well over the quarter, returning 1.1%. Over the last 12 months, the return was an impressive 4.0%, and, since inception, (which is now over 10 years ago), the compounded return has been 4.0% pa, a remarkable track record for a lower-risk fund. Over the last five years, the return was a more modest 2.3% pa. Over longer-term measurement periods, the fund has convincingly outperformed its cash-related benchmark.

Our equity holdings did slightly better than the index over the quarter, and significantly better over one year. Over both three and five years, the performance of the equity carve-out has been credible. Hedging a portion of the equity risk has again cost the fund some insurance premium. We continue to believe that it is the prudent thing to do and has allowed us to keep the equity exposure slightly higher than we otherwise would have done. Our property stock picks have performed poorly over most periods, reflecting the impact that Intu Properties has had on the fund. In addition, some of the other UK and European property names also underperformed. Our fixed interest holdings detracted over the quarter but have had long periods of outperformance over the longer term. Gold added to performance, as did our decision to hedge our currency exposures back into US dollars.

Over the last 12 months, major contributors to the strong relative equity performance included both cable companies Altice US and Charter Communications. These stocks rerated as earnings marginally surprised on the upside, and investors reassessed their cash flow prospects as capital spending is projected to decline significantly into the future. We discuss these stocks in more detail at the end of this report. Other contributors included both alternative asset managers Blackstone & Carlyle (strong operational results and corporate restructurings well received by investors), Adidas (strong operational result and a rerating), Pershing Square (strong investment results and good capital allocation), and Facebook (strong results despite negative news headlines).

Detractors included Intu Properties (further deterioration in the UK retail environment putting pressure on an overleveraged balance sheet), Aspen (derating on balance sheet concerns), British American Tobacco (further derating on industry concerns), and L Brands (poor trading resulting in a further decline in margins). While the issue of over-indebtedness seems to be a common cause for underperformance, we believe most of these companies will be able to trade out of their balance sheet constraints. Intu Properties is the exception to this view, and the company is actively looking to address its balance sheet through asset sales and other means.

Both of our cable holdings, Charter Communications and Altice USA, have strongly outperformed the market year to date, up 45% and 74% respectively. As the leading providers of broadband internet in the United States, we believe cable operators are well placed to benefit from the continued shift of entertainment online. Data usage in the US is high, with operators disclosing average monthly household data consumption of 250 GB. This continues to grow strongly.

A cable system can be compared to an electricity grid transmitting data from one point to another, and today, most US homes have cable running past them, dug into the pavement many years before. Cable operators own advantaged infrastructure with speeds of 1 Gb per second readily available and operate in natural monopolies in most towns and cities, making them well placed to benefit from the strong structural tailwind of rapidly increasing data demand.

The market has historically focused on cable's declining traditional pay-TV business, even though broadband internet is now the primary product sold into the home. Broadband is a must-have, sticky product for consumers, is growing its subscriber base strongly and contributes the bulk of cable earnings and almost all free cash flow (FCF) today. Pay-TV's contribution to overall company valuation must not be over-estimated. We believe the cable investment case remains underappreciated, with Charter and Altice USA trading on 2020 FCF yields of 7% and 9% respectively and with strong growth in FCF expected. Both trade at material discounts to the market and we continue to hold them as core positions in the funds.

We remain cautious in our portfolio construction, mindful of our exposure to risky assets, given the global risks referred to above. We still see no value on global bonds and continue to have a fair exposure to property. We have trimmed our gold exposure somewhat recently. We continue to be excited about the prospects for our holdings in the portfolio, tempered somewhat by being mindful that the world is a volatile place right now.

Portfolio managers
Louis Stassen and Neil Padoa
as at 30 September 2019

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. The 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 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 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 our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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