

## 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. 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.

## 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?



**LOUIS STASSEN**  
BSc, BCom (Hons), CFA



**NEIL PADOA**  
BEconSc (AcSci), FFA

## GENERAL FUND INFORMATION

<b>Fund Launch Date</b>	1 September 2009
<b>Class</b>	Houseview Currency Class (Previously Class D)
<b>Class Type</b>	Accumulation
<b>Class Launch Date</b>	5 May 2011
<b>Fund Domicile</b>	Ireland
<b>Morningstar Fund Category</b>	USD – Moderate Allocation
<b>Listing</b>	Irish Stock Exchange
<b>Currency</b>	US Dollar
<b>Benchmark</b>	USD 3-month LIBOR + 1.5%
<b>Investment Minimum</b>	US\$15 000
<b>Bloomberg</b>	CORGLTD
<b>ISIN</b>	IE00B3LSMH47

# CORONATION GLOBAL CAPITAL PLUS FUND [HOUSEVIEW CURRENCY CLASS]



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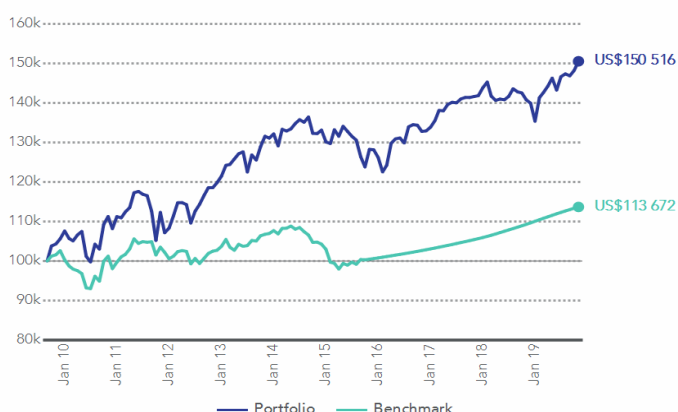
CLASS D as at 31 October 2019

Launch date	01 September 2009
Fund size	US\$ 723.37 million
NAV	12.84
Benchmark/Performance	100% USD 3-month LIBOR+1.5%
Fee Hurdle	
Portfolio manager/s	Louis Stassen and Neil Padoa

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.43%	1.42%
Adjusted for out/(under)-performance	1.34%	1.35%
Fund expenses	-	(0.02)%
VAT	0.09%	0.09%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.07%	0.07%
	1.50%	1.49%

## PERFORMANCE AND RISK STATISTICS

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



### PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	50.5%	13.7%	36.8%
Since Launch (annualised)	4.1%	1.3%	2.8%
Latest 10 years (annualised)	3.7%	1.1%	2.6%
Latest 5 years (annualised)	2.6%	1.6%	1.0%
Latest 3 years (annualised)	4.3%	3.5%	0.8%
Latest 1 year	6.9%	4.0%	2.9%
Year to date	11.2%	3.3%	7.9%

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	7.4%	4.0%
Sharpe Ratio	0.48	N/A
Maximum Gain	16.4%	N/A
Maximum Drawdown	(10.5)%	N/A
Positive Months	59.8%	N/A

	Fund	Date Range
Highest annual return	17.1%	Jul 2010 - Jun 2011
Lowest annual return	(7.4)%	Sep 2014 - Aug 2015

### 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%	(2.1)%	2.4%	0.5%	(0.3)%	0.9%	1.6%			11.2%
Fund 2018	1.0%	(2.5)%	(0.8)%	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%	0.2%	1.4%	7.4%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Oct 2019
Equities	31.3%
Property	7.2%
Commodities	4.0%
Bonds	13.5%
Cash	43.9%

### 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 31 Oct 2019	% of Fund
US Dollar	88.2%
Other	11.8%

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 Houseview currency D class.

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 equities. 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% p.a. 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 US, 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 250GB. 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 1Gb 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 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.

JP Morgan (Ireland) has been appointed as the fund's trustees ([www.jpmorgan.com](http://www.jpmorgan.com); t: +353-1-612-4000), 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 D NAV prices. Class A NAV prices were used for the period prior to the launch of Class D. 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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