CORONATION GLOBAL CAPITAL PLUS FUND [USD HEDGED CLASS]

Fund Information as at 31 May 2020

CORONATION
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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.

WHO ARE THE FUND MANAGERS?

LOUIS STASSEN
BSc, BCom (Hons), CFA

NEIL PADOA
BEconSc (AcSci), FFA

GENERAL FUND INFORMATION

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

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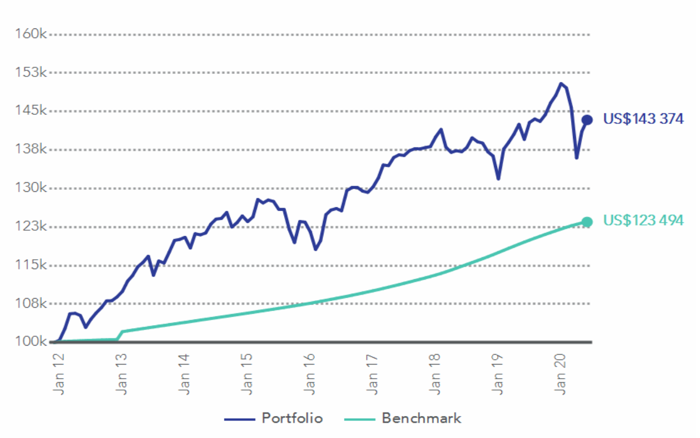
CLASS F as at 31 May 2020

Launch date	01 December 2011
Fund size	US$ 682.90 million
NAV	14.34
Benchmark/Performance Fee Hurdle	3-month USD LIBOR + 1.5%
Portfolio manager/s	Louis Stassen and Neil Padoa

	1 Year	3 Year
Total Expense Ratio	1.35%	1.42%
Fund management fee	1.26%	1.32%
Fund expenses	0.09%	0.09%
VAT	0.00%	0.00%
Transaction costs (inc. VAT)	0.04%	0.07%
Total Investment Charge	1.39%	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)	43.4%	23.5%	19.9%
Since Launch (annualised)	4.3%	2.5%	1.8%
Latest 5 years (annualised)	2.4%	3.0%	(0.6)%
Latest 3 years (annualised)	1.6%	3.5%	(1.9)%
Latest 1 year	2.7%	3.3%	(0.6)%
Year to date	(4.7)%	1.1%	(5.9)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	5.8%	0.2%
Sharpe Ratio	0.63	N/A
Maximum Gain	13.5%	N/A
Maximum Drawdown	(9.7)%	N/A
Positive Months	63.7%	N/A

	Fund	Date Range
Highest annual return	14.1%	Jan 2019 - Dec 2019
Lowest annual return	(6.3%)	Mar 2015 - Feb 2016

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 May 2020
Equities	24.2%
Property	4.2%
Infrastructure	1.1%
Commodities	6.6%
Bonds	37.6%
Cash	26.4%

TOP 10 HOLDINGS

As at 31 Mar 2020	% of Fund
Philip Morris Int Inc	1.5 %
British American Tobacco	1.5 %
Alphabet Inc	1.4 %
Charter Communication A	1.4 %
Vonovia Se	1.2 %
Unilever	1.2 %
Heineken Holdings Nv	1.0 %
Anthem Inc	0.9 %
Amazon Com Inc	0.9 %
Leg Immobilien Ag	0.8 %

CURRENCY ALLOCATION

Currency as at 31 May 2020	
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 2020	(0.6)%	(2.6)%	(6.7)%	3.8%	1.6%								**(4.7)%**
Fund 2019	4.4%	0.9%	1.1%	1.4%	(2.1)%	2.4%	0.5%	(0.3)%	0.9%	1.6%	1.0%	1.6%	**14.1%**
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)%**

CORONATION GLOBAL CAPITAL PLUS FUND [USD HEDGED CLASS]

Quarterly Portfolio Manager Commentary

CORONATION

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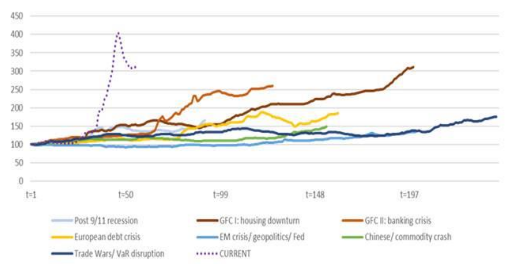
Please note that the commentary is for the retail class of the fund.

In last quarter's commentary we wrote "2019 was a year to make money". However, we also cautioned that "after a sustained period of strong equity returns, declining interest rates, reduced tax rates, expanding profit margins, and rising valuation multiples, investors should recalibrate return expectations lower. The conditions in place today are quite different to those in place a decade ago. We have no insight into short-term market moves, but feel that absolute returns could very well be lower over the next ten years compared to the last ten."

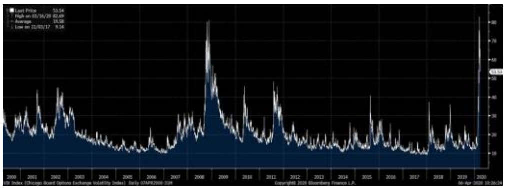
Well, we didn't have to wait long. Risk assets plunged over the quarter as the economic consequences of the Covid-19 pandemic started to become apparent. (For a full discussion, please see Coronation's commentary available on our website). Economic activity in many countries and sectors around the world has come to a halt. This unprecedented 'full stop' caused stress and market dislocations across the spectrum. Volatility was back with a vengeance, and, in both credit and equity markets, indicators spiked to levels above those seen in the Global Financial Crisis.

US Investment Grade credit spreads (re-based to the start of various crises)



Source: ICE BofA

The VIX index (which measures expected volatility of the S&P 500 index)



Source: Bloomberg

With this as a backdrop, the Strategy returned -9.7% for the quarter compared to 0.8% for the benchmark. It was a tough quarter for almost all asset classes: gold and government bonds being the only ones to deliver positive returns. Investment-grade bonds declined nearly 6%, high yield nearly 15%, and global equities 21%. The major detractors were not, perhaps, what you would expect. Our equity portfolio was appropriately sized, selected and hedged. The negative contribution from equities was just over 5%. The stocks themselves performed in line with the overall market, and index level hedges reduced losses by a quarter.

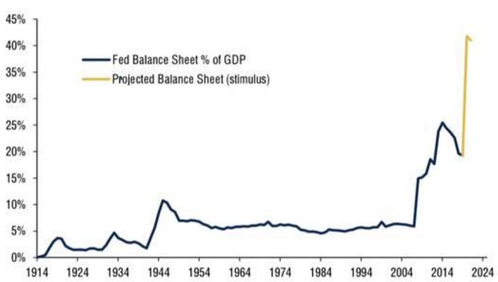
The Strategy's fixed income holdings did not fare as well, declining by approximately 6.4% relative to a benchmark return which was roughly flat. Here our lack of developed market government bond exposure was the primary culprit, as we have chosen instead to take some credit risk which sold off as credit spreads increased. Importantly, these are mark-to-market losses, not permanent impairments, as we either still hold those securities or have rotated into issues with a more favourable risk-reward profile.

While the quarterly decline is disappointing, it should be considered in the context of:

- A very strong 2019 return of 14.1%, which was 10.2% ahead of the benchmark;
- Long-term returns which remain satisfactory (3.8% p.a. since inception versus the benchmark return of 2.5%; and
- A much-improved opportunity set, which is most important for potential future returns.

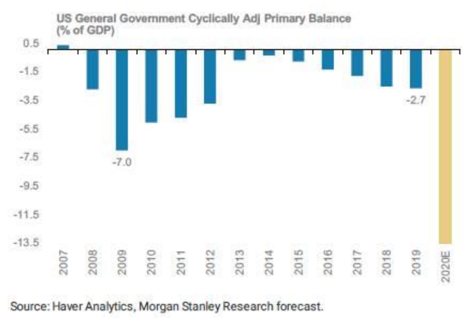
Following such a dramatic quarter, it is also worth reflecting on some of the additional aims for managing the fund as outlined in last quarter's commentary. In particular the third point: *Do not expose the fund to excessive risk, even if such exposures represent large asset classes which, in a normal environment, would be well-suited to a fund with this mandate (such as developed market government bonds today).* The fiscal and monetary response to the Covid-19 pandemic is unprecedented. Aggressive monetary measures are pumping vast amounts of liquidity into the system causing central bank balance sheets to surge, while fiscal deficits are also set to explode once economic support is factored into government finances. Data for the US is shown below, but it is mirrored (to varying degrees) in Europe, Japan, China and the UK.

US Fed balance sheet (% of GDP over the last 100 years)



Source: BofA Global Research

US Primary Balance (% of GDP, cyclically adjusted)

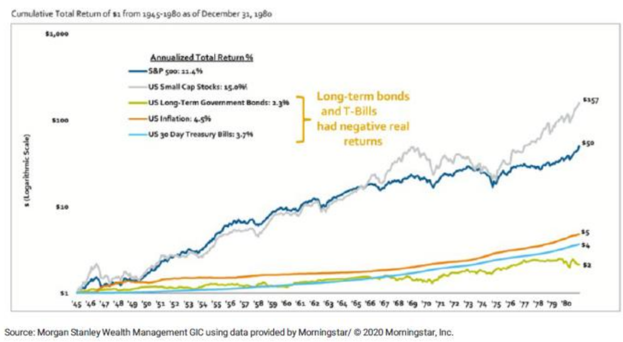


Source: Morgan Stanley

Notwithstanding the current recessionary conditions, which Morgan Stanley believes could be the fastest and steepest recession in history, resulting in spare capacity and economic slack, the world will eventually get back to work. From this low base of activity, pent up demand (combined with huge stimulus) could be highly inflationary. In this scenario, the US experience after WWII is instructive and highlights the material underperformance, and declining purchasing power, of cash and government bonds (see chart below). This is in stark contrast to the last few decades during which bonds have been the ultimate low volatility, low risk, uncorrelated, and real return generating asset:

- Since 1990 (30 years), the global bond index returned 5.7% p.a., less than 1% behind global equities, with a fraction of the volatility and drawdown risk.
- Since 2000 (20 years), the global bond index has beaten equities by c.0.5% p.a.

Cumulative Total Return as from 1945-1980 as of December 31, 1980



As bonds approach the zero bound, the asymmetry of returns skews increasingly one way. Yields cannot be forever compressed, so the upside potential is limited (bond prices go up when yields go down). However, poor prospective returns from rates simply staying where they are, negative real returns from monetary debasement, and negative absolute returns from a rise in interest rates are all possibilities. While the inflationary scenario outlined above is only one potential outcome, it does inform the Strategy's positioning and we continue to hold no developed market government bonds. In turn, we have built positions in assets that should perform well in an inflationary environment. Aside from the allocation to risk assets (equity, property and infrastructure), which comprised 37% of the fund at quarter end, we also have 11% of the portfolio in gold and inflation-protected securities.

Key portfolio actions

1. Active management of equity exposure: Walking through the changes in a volatile quarter such as this will help to illustrate the process. The quarter started with 30% effective exposure to equities. On 27 February, with markets not far off their highs (the MSCI All Country World Index was 522), exposure troughed at 25% as we grew concerned about the potential fall-out from the virus amidst fairly widespread complacency in the market. Equity exposure peaked at 32.7% on 31 March (index level 442, c.15% lower). Considering the decline in the markets and the increase in exposure, one can see the Strategy was a meaningful net buyer into the decline. While we will never time these actions perfectly, with a disciplined, rational process, and valuation philosophy that is rooted in the long term, we aim to have lower equity exposure when risks and valuations are high, and higher exposure when prospective returns are higher. Simple, but not easy.

2. Changes in equity holdings: There was a significant amount of activity in response to the market volatility. Earlier in the quarter we exited holdings that had performed strongly and approached our estimates of fair value. Adidas, Blackstone and Apollo were all sold. On the purchases side, there were a number of strong businesses which became increasingly attractive as prices dropped over the quarter. We re-entered Diageo, bought stocks such as Intercontinental Exchange and Thermo Fisher, and increased Unilever.

3. Other changes: Within credit, the most meaningful portfolio actions centred on investment-grade credits to take advantage of dislocated credit spreads (as shown in the chart above). Examples of near-dated issues that were purchased include:

- Berkshire Hathaway (AA-rated) August 2021s were bought at a credit spread of 250 basis points over Treasuries.
- GlaxoSmithKline (A-rated) May 2022s were bought at a credit spread of 290 basis points.

Outlook

Markets could very well remain volatile as the nature of the pandemic evolves and progresses. As a team we are focused, as always, on researching individual businesses, assessing their long-term earnings power, understanding the potential impact this black swan event may have on the investment case, managing risk, and adjusting the portfolio accordingly. While the backdrop has changed dramatically, our process hasn't. Thank you for your continued support and interest in the fund.

Portfolio managers
Louis Stassen and Neil Padoa
as at 31 March 2020

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; t: +353-1-612-4000), and its custodian is JP Morgan Administration Services (Ireland) Limited (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 2019(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. 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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