The fund aims to achieve a higher return than a US dollar term bank deposit. It is mainly focused on delivering short-term income.

The fund invests between 75% and 100% of its assets in a wide variety of fixed income assets. This may include bonds, money market instruments and other debt securities issued by international governments, banks and other companies or institutions.

Up to 25% of the fund may be invested in listed property, preference shares and other forms of hybrid debt or equity instruments.

While the fund may invest in instruments in any currency, its effective exposure to the US dollar will at least be 75% at all times. The average duration in the fund will typically not exceed three years.

The fund is tactically managed to secure an attractive income, while protecting capital. Its investments are carefully researched by a large and experienced investment team and subjected to a strict risk management process. The fund is actively positioned to balance long-term strategic positions with shorter-term tactical opportunities to achieve the best possible income.

While the fund is managed in a conservative and defensive manner, it is not guaranteed to always outperform cash over short periods of time, and may suffer capital losses primarily as a result of interest rate movements or negative credit events. Capital growth, if any, will generally come from capital market changes such as falling interest rates or movements in foreign currencies.

The recommended investment term is 12-months and longer. Given its limited exposure to growth assets, the fund is not suited for long investment terms.

Conservative investors who are looking for an intelligent alternative to US dollar bank deposits.

An annual fee of 0.80% is payable. Of the annual fee, 0.30% is collected at feeder fund level, while the balance of the fee is collected in the master fund. The component of the fund fee charged at feeder fund level is subject to VAT. Fund expenses that are incurred in the fund include administrative, trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

We do not charge any fees to access or withdraw from the fund. More detail is available on www.coronation.com

The fund aims to remain fully invested in units in the offshore domiciled Global Strategic USD Income Fund. The only other assets that will be held at feeder fund level are local and foreign cash holdings for liquidity purposes.

The fund is not suited for long investment terms.
CORONATION GLOBAL STRATEGIC USD INCOME [ZAR] FEEDER FUND

CLASS A as at 30 November 2020

Global - Multi-Asset - Income Fund Category
Launch date 30 August 2013
Fund size R 2.08 billion
NAV 169.92 cents
Benchmark/Performance 110% of USD 3-month LIBOR
Fee Hurdle

PORTFOLIO MANAGER/s
Stephen Perico, Nishan Maharaj & Seamus Vasey

Performance and Risk Statistics

PERFORMANCE AND RISK STATISTICS
GROWTH OF A R100,000 INVESTMENT (AFTER FEES)

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

Developed Markets (IG) 72.9%
Fixed Rate Bonds 52.9%
Floating Rate Bonds 13.8%
Inflation Linked Bonds 6.2%
Emerging Markets (IG) 10.3%
Fixed Rate Bonds 9.4%
Floating Rate Bonds 0.9%
Developed Markets (High Yield) 1.8%
Emerging Markets (High Yield) 3.9%
Convertibles 7.5%
 Listed Property 1.0%
EFT 2.0%
Cash & Money Market 0.5%
Total 100.0%

ASSET ALLOCATION BY ISSUER TYPE

Corporations 61.9%
Sovereigns 33.6%
Cash 0.5%
Multi-National 2.9%
REITS 1.0%
Total 100.0%

ASSET ALLOCATION BY RATINGS BAND

investment Grade 85.5%
Sub-investment Grade 7.6%
Other instruments 6.9%

TOP ISSUER EXPOSURE

United States Government Treasury 29.6%
Citi Group Inc 3.2%
UBS Group 3.1%
Remgro Jersey 2.3%
Standard Chartered 2.1%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (ZAR)

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (USD)

RISK STATISTICS SINCE LAUNCH

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (ZAR)

RISK STATISTICS SINCE LAUNCH

TOP ISSUER EXPOSURE

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

| Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  | YTD  |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Fund | 6.2% | 4.5% | 9.7% | 5.2% | 3.3% | 0.9% | 1.4% | 0.1% | 1.9% | 8.1% | 4.0% | 11.0% | 16.0% |
| Benchmark | 6.4% | 5.7% | 3.7% | 0.4% | 1.4% | 2.0% | 0.7% | 6.8% | 0.5% | 0.2% | 2.9% | 3.7% | 2.0% |
| Fund | 6.3% | 5.7% | 3.7% | 0.4% | 1.4% | 2.0% | 0.7% | 6.8% | 0.5% | 0.2% | 2.9% | 3.7% | 2.0% |
| Benchmark | 6.4% | 5.7% | 3.7% | 0.4% | 1.4% | 2.0% | 0.7% | 6.8% | 0.5% | 0.2% | 2.9% | 3.7% | 2.0% |
| Fund | 1.7% | 0.6% | 3.6% | 0.8% | 1.4% | 0.4% | 4.2% | 4.7% | 3.8% | 0.5% | 4.3% | 8.2% | 35.2% |

Issue date: 2020/12/09
Please refer to page 4 of the Comprehensive Fact Sheet for important additional information, including change in cost disclosures.
CORONATION GLOBAL STRATEGIC USD INCOME [ZAR] FEEDER FUND
Quarterly Portfolio Manager Commentary

Please note that the commentary is for the US dollar retail class of the fund. The feeder fund is 100% invested in the underlying USD 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 USD terms for both funds.

Developed market interest rates remain low and look set to remain so for an extended period, with most developed economies likely to inject further fiscal stimulus into their economies. Low absolute rates and the expectation of further stimulus are contributing to the asset inflation cycle and supporting another quarter of good returns. Most gains were front-loaded as economic activity recovered, but a growing wave of second-round Covid-19 infections weighed on sentiment during September. Consequently, risk assets underperformed and bond yields continued their upward journey.

Within emerging markets, performance were mixed and the performance of local currency assets lagged developed markets. Increased selling in foreign exchange markets, the US dollar weakness and economic activity globally improved. The trailing return of the fund returned 0.6% in the third quarter and 0.9% over the previous 12 months against a benchmark return of 0.1% and 1.2% respectively.

US treasuries continued to trade within a tight range during the quarter, as the Federal Open Market Committee (FOMC) update their forward guidance that the Fed Funds lower bound would likely remain at zero until 2023. The size and composition of the quantitative easing programme remains unchanged ($120bn a month, of which $80bn is US and $40bn MBs), with Fed Chairman Jerome Powell noting that the committee has a lot more ammunition, if needed. The Fed’s current balance sheet is broadly unchanged versus the end of June at just over $7tn with a $300bn in asset purchases and refinancing of various bank lending programmes. Whilst GDP forecasts for 2020 were revised up from -4.5% in June -3.7% in September, future revisions were revised lower (2021 to 4% from 5%, 2022 to 3% from 2.5% and 2023 expected to be the 2.5%). Unsurprisingly, updated unemployment forecasts also followed a similar pattern, with fourth quarter unemployment at 7.6% expected or 9.3% previously. The Fed’s expectations for inflation only converges with their targets at the end of 2023. The FOMC continues to hold that the current inflation is transitory and that an average inflation target of 2%. This implies that the Fed Funds rate may well be on hold beyond 2023, and the market has currently only priced in 10 basis points (bp) of hikes by the end of 2024. When asked about the possibility of an unconventional use of monetary policy, the Fed indicated that regulation and supervision were the first line of defense, and noted that a long period of zero rates and balance sheet expansion in the wake of the Global Financial Crisis did not trigger instability.

The US national debt is now above $27tn ($7tn during Trump’s presidency), equal to 138% of GDP, while the official federal debt (which excludes Federal trust funds), is forecast by the Congressional Budget Office (CBO) to be a mere 98% of GDP by the end of 2020 - a figure only exceeded in the two years between the two world wars. The Federal Reserve Balance Sheet in December was $8.8tn, which adds up to around $3tn, the funding of the US government is becoming an increasingly hot topic. This has prompted talk of whether the Fed may need to adopt a yield curve control policy at some point in the future, although we doubt we will see this anytime in the near future.

In the near-term, another stimulus package is seen as necessary to cushion the blow from previous initiatives, such as the payroll relief programme, which have begun to roll off. With a looming US election, negotiations surrounding the scale ($1.5 trillion) of the US stimulus package appear to have reached a stalemate, with Fed representatives becoming increasingly vocal on the need for action. A piecemeal deal now seems more likely, with further action potentially delayed until a new administration is inaugurated in January.

In recent weeks, the perception has been that Biden’s stronger polling makes a Democratic victory increasingly likely and a contested election less likely, with the chances of a ‘blue wave’ (Democratic control of the house and senate) rising. However, the 2016 election, where Clinton won the popular vote but not the electoral college, as well as the Gore/Bush recount in Florida in 2000, make investors wary that an election result could potentially be challenged. The ECB has increased its holdings of US Treasury securities with the bulk of this in the 3-7 year area.

The Fed’s move to target average inflation alongside its extended guidance and expectations of more fiscal stimulus boosted buoyant rates of inflation by around 30bps (10-year up from 1.3% to 1.6%), diverging from a high of 1.8% at the end of August during the quarter. With nominal yields relatively stable, the rise in break-evens translated into more negative real yields, with US 5-year real yields falling from -0.9% to -1.2%. The Fund continues to hold around 6% of its assets in US inflation protected securities, with the bulk of this in the 3-7 year area.

Within Europe, the decision in July of European Union (EU) member states to run a federal deficit via the €750bn recovery fund (in response to an economic crisis represented a step forward in European integration. It was also supportive of the euro and peripheral bonds, where the Italian ten-year fell below a 1% yield. The fallout from Covid-19 has also brought about a more flexible attitude to state aid within the banking sector and the European Central Bank (ECB) endorsing bank consolidation. A recession of -7% in Q2 for the Eurozone was followed by a 12% in Q3, which was supported by a recovery in Germany with European inflation once again languishing, the ECB is expected to increase stimulus at its December meeting by boosting its €1.35 trillion bond-buying programme (last expanded in June by €2.6tn). The ECB is likely to hold around to a third of the bonds eligible under the Corporate Sector Purchase Programme compared to only around 1% of the US investment-grade market held by the Federal Reserve. This should be supportive of the market in the medium-term.

The ECB’s plans in holdings of Euro-denominated debt also proved to be an important backdrop for riskier asset classes and have far-reaching implications for regions exposed to global trade, such as emerging markets. The Fund’s overall duration remains relatively short, and our options provide additional protection from a sudden regime change in bond yields. Despite the continued fragile economic backdrop, spreads on corporate bonds still look appealing in an environment not weak enough to outweigh accommodative central bank policies and not strong enough for the punch bowl to be withdrawn. As a result, we see corporates as relatively well placed versus other asset classes, but remain biased towards shorter-dated instruments.

Portfolio managers

Stephen Peirce, Nishan Maharaj and Seamus Vasey

as at 30 September 2020
Unit trusts 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. The yield shown is an estimate (gross of fees) in part based on market assumptions and forecasts. The yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, interest rates and changes in costs actually experienced during the investment period. 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 asset allocation by instrument type are reflected on a look-through basis. The asset allocation by issuer type and top issuer exposures are not 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 (TTC)?**

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 2020 (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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