

## 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 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>	EUR Hedged (Previously Class E)
<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>	Euro
<b>Benchmark</b>	3-month EURIBOR +1.5%
<b>Investment Minimum</b>	€15 000
<b>Bloomberg</b>	CORGLTE
<b>ISIN</b>	IE00B764Y134

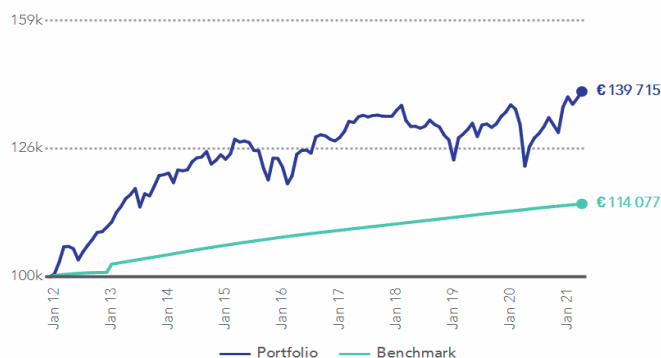
CLASS E as at 31 March 2021

Launch date	01 December 2011
Fund size	€ 778.60 million
NAV	13.97
Benchmark/Performance	3-month EURIBOR + 1.5%
Fee Hurdle	
Portfolio manager/s	Louis Stassen and Neil Padoa

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.36%	1.36%
Fund expenses	1.25%	1.26%
VAT	0.11%	0.10%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.09%	0.06%
	1.45%	1.42%

## 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)	39.7%	14.1%	25.6%
Since Launch (annualised)	3.6%	1.4%	2.2%
Latest 5 years (annualised)	2.3%	1.1%	1.2%
Latest 3 years (annualised)	2.1%	1.1%	1.0%
Latest 1 year	14.4%	1.0%	13.4%
Year to date	1.0%	0.2%	0.7%

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	6.0%	0.1%
Sharpe Ratio	0.63	N/A
Maximum Gain	13.7%	N/A
Maximum Drawdown	(10.5)%	N/A
Positive Months	62.5%	N/A

	Fund	Date Range
Highest annual return	14.4%	Apr 2020 - Mar 2021
Lowest annual return	(8.6)%	Jan 2018 - Dec 2018

### MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	(1.3)%	1.0%	1.3%										1.0%
Fund 2020	(0.8)%	(2.7)%	(7.3)%	3.6%	1.5%	0.8%	1.2%	1.7%	(1.3)%	(1.4)%	4.7%	1.9%	1.4%
Fund 2019	4.1%	0.7%	0.9%	1.1%	(2.4)%	2.1%	0.2%	(0.6)%	0.6%	1.3%	0.8%	1.3%	10.5%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2021
Equities	26.8%
Merger Arb	1.0%
Property	4.9%
Infrastructure	4.3%
Commodities	7.3%
Bonds	29.2%
Cash	26.4%

### TOP 10 HOLDINGS

As at 31 Mar 2021	% of Fund
Vinci Sa	1.4%
British American Tobacco	1.3%
Philip Morris Int Inc	1.3%
Vonovia Se	1.2%
Alphabet Inc	1.1%
Charter Communication A	1.1%
Facebook Inc.	1.1%
51job Inc Adr	1.0%
Naspers Ltd	1.0%
Heineken Holdings Nv	0.9%

### CURRENCY ALLOCATION

Currency as at 31 Mar 2021	
Euro	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 Euro hedged currency class.

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

Equity markets posted solid gains in the first quarter, returning 4.6%, and now sit well above pre-Covid levels. While we don't spend any time trying to predict short-term market moves, recent volatility (both up and down) and violent "factor rotations" have whipsawed many investors, and provided a real-life stress test of equity portfolios. The bond market fared less well, declining approximately 4.5% in the quarter, as interest rates increased from very low levels.

Against this backdrop, the Fund continued to make progress, returning 1.0% for the quarter compared to 0% for the benchmark. Over one year (benefiting from a low Covid base), the Fund has returned 14%, and over three and five years the Fund has returned 2% per annum (p.a.).

For the quarter the primary contributors to return were:

- Equity holdings, which returned 4.9%
- Fixed interest, which returned 1% (thanks to our conservative positioning and compared to the global bond index's -4.5% loss)
- Commodities, which returned 11%
- Inflation protection, with the Fund's inflation break-even positions appreciating meaningfully as the market re-priced inflation risk. Ten-year break-evens increased from 1.5% to 2.2%.

The Fund has held a position in Porsche for many years, during which time it has performed broadly in line with the market. In January, we re-visited the investment case for Porsche, whose primary asset is a 53% holding in VW common stock. The key conclusions were:

- VW is not as bad a business as the market would have you think. It was trading on seven times earnings, which is one-third of the market multiple despite growing its market cap four times in 20 years, earnings by 8% p.a. for over 10 years, and delivering an expected ROCE (return on capital employed) of 10-13%.
- Porsche did not deserve to be trading at a further 35% discount to the value of its stake in VW.
- Earnings are reasonable quality with the business converting 70-90% of earnings into FCF (free cash flow), implying that Porsche was trading north of a 20% FCF yield on a look-through basis.
- The transition to EVs (electric vehicles) is more of an opportunity than a threat to VW. (It ended 2020 with a BEV [battery electric vehicle] market share of 11% already, which is rapidly growing and on track to exceed its 13-14% share of traditional ICE [internal combustion engine] vehicles.)
- Any form of sum of the parts analysis, which more accurately valued VW's luxury brands (which include Lamborghini, Bugatti, Bentley and Porsche itself), showed that VW (and therefore Porsche) were massively undervalued.
- The balance sheet is again solid with year-end net cash coming in at €28 billion.

Our financial forecasts implied the stock was worth double where it was trading and could generate an IRR (internal rate of return) above 20% p.a. Very unusually, we didn't have long to wait for some of this discount to narrow, as Porsche appreciated by circa 60% over the rest of the quarter. It was a top contributor to Fund returns.

We have written about our cable holdings, Charter Communications (Charter) and Altice USA, in previous commentaries. Charter was a detractor in the first quarter. However, it is a top contributor over more meaningful time periods (three to five years). This is often how it goes for long-term investors: we believe it is highly unusual for stocks to go up in a straight line, periods of underperformance are almost inevitable in the hunt for long-term outperformance, and an investment thesis is likely to be tested many times over a multi-year holding period.

Cable's primary product, the provision of high-speed broadband internet in the United States, took centre stage in 2020 as large parts of the population were forced to work, learn and entertain themselves at home and online virtually overnight. Both companies performed strongly, with Charter growing its internet subscriber base by 9% and Altice by 4% on a year-over-year basis.

Both stocks have since taken a breather due to several factors, none of which we are particularly concerned about. Firstly, we acknowledge that there was likely some pull forward of subscriber growth into 2020 and that these results are unlikely to be repeated in 2021. Secondly, there has been increased noise from mobile operators launching 5G home broadband plans. And lastly, the Biden administration has made announcements relevant to cable. Addressing the first point, we have strong conviction that demand for high-speed internet will continue to increase as data consumption grows rapidly each year. This structural tailwind is supplemented in the nearer term by various stimulus measures that will directly assist lower-income households with their monthly broadband bills. And cable continues to be the internet provider of choice. Charter's average broadband subscriber now consumes 700GB of data per month (on a per home basis) and this continues to grow. Capacity-constrained mobile networks, where the average unlimited user consumes 10-15GB per month are unable to compete in our view. Lastly, Biden's infrastructure plan should provide growth opportunities for cable in previously unserved rural areas, while we view the risk of price regulation as low. Higher corporate US tax rates are factored into our forecasts.

We find the valuations of both our cable holdings extremely attractive in both relative and absolute terms and we continue to expect strong growth in FCF over the coming years based on healthy revenue growth, steadily expanding margins and capex declining to normalised levels. Both also have excellent, shareholder-friendly management teams as evidenced by Altice repurchasing a massive 25% of shares outstanding over the course of 2020.

At quarter-end the Fund was positioned with 46% in growth, or risk, assets comprised of the following:

- 27% effective equity
- 5% in property
- 4% in infrastructure
- 2.5% in convertible instruments
- 7.5% in high yield credit

The remaining 54% of the Fund is invested in either more stable assets, or diversifying assets, which we think have lower correlation to equities:

- 7% in commodities
- 2% in inflation-linked bonds
- 7.5% in absolute return / hedged equity positions
- 37.5% in investment grade fixed income (primarily 16% in short-dated Treasury bills, and 19% in investment grade corporate credit)

As highlighted in prior commentaries, we continue to feel that the fundamental diversification evident in this portfolio construction, with an intentional tilt towards inflation protection at the expense of nominal government bonds, is both more appropriate and more robust than the cash benchmark or a large holding in government bonds. As a reminder, the bond index as a whole offers a low nominal expected return and a negative real return. Setting this meagre return against the risks, which we feel are significant, including huge budget deficits and elevated debt levels, suggests to us that this offers a poor risk-reward trade-off and that investors will do well to avoid these instruments entirely. In our view, they will be better served over the long term in diversifying assets, as outlined above.

Thank you for your continued support and interest in the Fund.

**Portfolio managers**  
**Louis Stassen and Neil Padoa**  
as at 31 March 2021

#### 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 E 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 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 [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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