

## WHAT IS THE FUND'S OBJECTIVE?

Global Managed aims to maximise long-term investment growth by investing in a range of opportunities available in public asset markets from around the world. Our intent is to outperform an equity biased benchmark over all five year periods.

## WHAT DOES THE FUND INVEST IN?

Global Managed will have a bias towards shares, but can invest in a variety of assets including listed property, bonds and cash. The fund primarily invests in developed economies (including the US, Europe and Japan) but is also mandated to invest in emerging markets.

The intent is to keep the fund fully invested in foreign assets at all times. Its exposure will be in a variety of currencies, primarily the US dollar, British pound, euro and yen.

The fund may use exchange traded funds and other financial instruments (eg. derivatives) to implement specific investment views.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

### Risk Profile



### Maximum growth/ minimum income exposures



Global Managed aims to achieve the best possible long-term growth for investors. Consequently, it will have a sizeable exposure to shares, which typically offer the best returns over the long run.

Global Managed will only invest in assets we view as being attractively valued and that could offer strong long-term investment growth. The fund's share selection is the result of rigorous international research conducted by Coronation's investment team.

While shares typically offer superior long-term returns, this comes with higher levels of risk and volatility. We have a disciplined approach to reducing risk, but shares can be volatile investments and may suffer capital losses over the short term. Global currency movements may intensify investment gains or declines.

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

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

An investment term of more than five 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;
- require investment growth over the long term and accept the possibility of volatility and the risk of short-term losses;
- 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 that are incurred in the fund include administrative, 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](http://www.coronation.com).

## WHO ARE THE FUND MANAGERS?

### LOUIS STASSEN

BCom (Hons), BSc, CFA

### NEIL PADOA

BEconSci (AcSci), FFA

### HUMAIRA SURVE

BScEng, MBA, CFA

## GENERAL FUND INFORMATION

Launch Date	29 October 2009
Fund Class	A
Benchmark	60% MSCI All Country World Index and 40% Barclays Global Bond Aggregate
Fund Category	Global – Multi-asset – High Equity
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COGLMAZ
ISIN Code	ZAE000139721
JSE Code	COGM

# CORONATION GLOBAL MANAGED [ZAR] FEEDER FUND

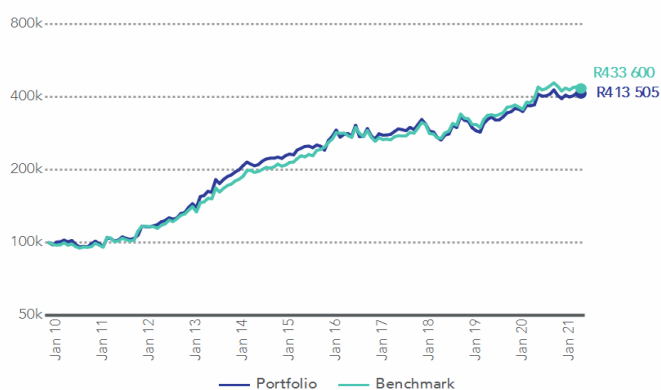
CLASS A as at 31 March 2021

<b>Fund category</b>	Global - Multi Asset - High Equity
<b>Launch date</b>	29 October 2009
<b>Fund size</b>	R 8.36 billion
<b>NAV</b>	407.28 cents
<b>Benchmark/Performance</b>	Composite: 60% MSCI All Country World Index & 40% Barclays Global Bond Aggregate
<b>Fee Hurdle</b>	
<b>Portfolio manager/s</b>	Louis Stassen, Neil Padoa and Humaira Surve

<b>Total Expense Ratio</b>	1 Year	3 Year
Fund management fee	1.40%	1.43%
Fund expenses	1.25%	1.27%
VAT	0.09%	0.10%
Transaction costs (inc. VAT)	0.06%	0.06%
<b>Total Investment Charge</b>	0.15%	0.12%
	1.55%	1.55%

## PERFORMANCE AND RISK STATISTICS

### GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



### RISK AND RETURNS VS BENCHMARK (AFTER FEES) (ZAR)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	313.5%	333.6%	(20.1%)
Since Launch (annualised)	13.2%	13.7%	(0.5%)
Latest 10 years (annualised)	15.1%	15.7%	(0.6%)
Latest 5 years (annualised)	7.9%	9.4%	(1.5%)
Latest 3 years (annualised)	15.9%	17.2%	(1.3%)
Latest 1 year	11.5%	9.9%	1.6%
Year to date	3.4%	1.5%	1.9%

### RETURNS VS BENCHMARK (AFTER FEES) (USD)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	118.5%	129.2%	(10.7%)
Since Launch (annualised)	7.1%	7.5%	(0.4%)
Latest 3 years (annualised)	7.7%	8.8%	(1.1%)
Latest 1 year (annualised)	34.8%	32.7%	2.1%
Year to date	2.8%	0.9%	1.9%

### MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	1.2%	2.8%	(0.6)%										3.4%
Fund 2020	5.8%	(0.3)%	0.9%	10.7%	(1.7)%	0.1%	1.7%	4.1%	(5.1)%	(3.0)%	3.4%	(1.7)%	14.8%
Fund 2019	(1.3)%	8.6%	3.9%	2.5%	(2.9)%	0.2%	3.0%	3.8%	1.0%	3.2%	(0.8)%	(2.0)%	20.2%

## PORTFOLIO DETAIL

### ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2021
Equities	56.0%
Merger Arb	1.1%
Property	4.5%
Infrastructure	4.5%
Commodities	6.9%
Bonds	10.0%
Cash	17.0%

### TOP 10 HOLDINGS

As at 31 Mar 2021	% of Fund
Alphabet Inc	2.7%
Charter Communication A	2.6%
Facebook Inc.	2.5%
Naspers Ltd	2.4%
Vinci Sa	2.2%
Philip Morris Int Inc	2.1%
Airbus Group Se	2.1%
British American Tobacco	2.0%
Visa Inc	1.9%
Alibaba Group Holding	1.9%

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.4%	12.3%
Sharpe Ratio	0.52	0.60
Maximum Gain	22.7%	24.8%
Maximum Drawdown	(17.7)%	(14.0)%
Positive Months	61.3%	60.6%

	Fund	Date Range
Highest annual return	48.9%	Jan 2013 - Dec 2013
Lowest annual return	(7.7)%	Apr 2017 - Mar 2018

**Please note that the commentary is for the US dollar retail class of the Fund. The feeder Fund is 100% invested in the underlying US dollar 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 US dollar terms for both Funds.**

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 performed well, returning 2.8% for the quarter compared to 0.9% for the benchmark. Over one year, the Fund is 1.9% ahead, over five years it has returned 7.9% p.a. and, since inception, it has returned 6.9% p.a.

For the quarter, the primary contributors to return were:

- Equity holdings, which returned 5.9%
- Fixed interest, which returned 2% (thanks to our conservative positioning and compared to the benchmark'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:

- a) VW is not as bad a business as the market would have you think. It was trading on 7 times earnings, which is one-third of the market multiple despite growing its market cap 4 times in 20 years, earnings by 8% per annum for over ten years, and delivering an expected return on capital employed of 10-13%.
- b) Porsche did not deserve to be trading at a further 35% discount to the value of its stake in VW.
- c) Earnings are reasonable quality with the business converting 70-90% of earnings into free cash flow (FCF), implying that Porsche was trading north of a 20% FCF yield on a look-through basis.
- d) The transition to EVs (electric vehicles) is more of an opportunity than a threat to VW. (It ended 2020 with a BEV market share of 11% already, which is rapidly growing and on track to exceed its 13-14% share of traditional internal combustion engine vehicles.)
- e) 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.
- f) 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 above 20% p.a. Very unusually, we didn't have long to wait for some of this discount to narrow, as Porsche appreciated by c.60% over the rest of the quarter. It was a top contributor to Fund returns.

We have written about our cable holdings, Charter Communications and Altice USA, in previous commentaries. Both were detractors in the first quarter. However, both are top contributors over more meaningful time periods (3-5 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 just under 72% in growth, or risk, assets comprised of the following:

- 56% effective equity
- 4.5% in property
- 4.5% in infrastructure
- 2.5% in convertible instruments
- 4% in high yield credit

The remaining 28% 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
- 5% in hedged equity
- 14% in investment grade fixed income (with 9% in short-dated treasury bills, and 3% in 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 that of the Fund's benchmark, which includes a 40% weighting to global 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 (including huge budget deficits and elevated debt levels), which we feel are significant, suggests to us that this part of the Fund's benchmark 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 MANAGED [ZAR] FEEDER FUND

The Global Managed [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](http://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 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](http://www.coronation.com)

### IMPORTANT INFORMATION REGARDING TERMS OF USE

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