

LONG TERM OBJECTIVE

The Coronation Global Equity Strategy provides access to the best investment opportunities across global markets through capital growth of underlying stocks selected. It is a flexible portfolio invested predominantly in equities listed on developed market exchanges, but will have exposure to emerging market listed companies as well. The Strategy may hold cash and interest bearing assets where appropriate. The objective is to outperform the MSCI All Country World Index over a 5-year period.

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house, focused on bottom-up stock picking. Our aim is to identify mispriced assets trading at discounts to their long-term business value (fair value) through extensive proprietary research. In calculating fair values, through our fundamental research, we focus on through-the-cycle normalised earnings and/or free cash flows using a long-term time horizon. The Portfolio is constructed on a clean-slate basis based on the relative risk-adjusted upside to fair value of each underlying security. The Portfolio is constructed with no reference to a benchmark. We do not equate risk with tracking error, or divergence from a benchmark, but rather with a permanent loss of capital.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	76.3%	92.9%	(16.6)%
Since Inception p.a.	8.5%	10.0%	(1.5)%
Latest 5 years p.a.	12.0%	13.2%	(1.2)%
Latest 3 years p.a.	12.3%	12.6%	(0.3)%
Latest 1 year	22.6%	27.4%	(4.8)%
Year to date	4.7%	11.1%	(6.4)%
Month	(6.1)%	(4.1)%	(2.0)%

For a side-by-side comparison of gross and net performance, please refer to <http://www.coronation.com/us/strategy-performance>
Active return calculated as strategy return less benchmark return. Figures may differ due to rounding.

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	53.7%
Europe	23.5%
Asia	18.2%
Japan	3.8%
Other	0.5%
Interest Bearing	0.3%

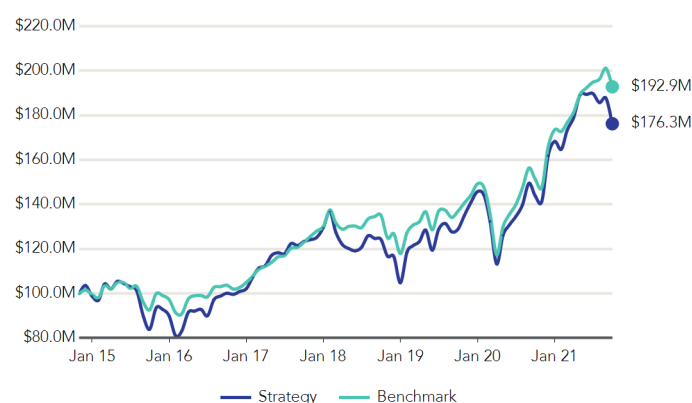
Market	% Strategy
Developed	81.0%
Emerging	18.5%
Other	0.5%

GENERAL INFORMATION

Inception Date	01 November 2014
Strategy Size *	\$595.3 million
Strategy Status	Open
Mandate Benchmark	MSCI Daily TR Net All Country World USD (NDUEACWF Index)
Redemption Terms	An anti-dilution levy will be charged
Base Currency	USD

*Strategy assets under management as at the most recent quarter end.

GROWTH OF US\$100M INVESTMENT



Benchmark: MSCI Daily TR Net All Country World USD (NDUEACWF Index)

TOP 10 HOLDINGS

Holding	% Strategy
ALPHABET INC-CL A (USA)	4.9%
JD.COM INC ADR (CHN)	4.6%
CHARTER COMMUNICATIONS INC-A (USA)	4.5%
PROSUS NA (CHN)	4.2%
PHILIP MORRIS INTERNATIONAL INC (USA)	3.9%
AIRBUS SE (FRA)	3.7%
META PLATFORMS INC (USA)	3.6%
VISA INC-CLASS A SHARES (USA)	3.5%
AMAZON.COM INC (USA)	3.2%
CANADIAN PACIFIC RAILWAY LTD (CAN)	3.2%

SECTOR EXPOSURE

Sector	% Strategy	Sector	% Strategy
Technology	41.2%	Financials	8.7%
Industrials	18.2%	Health Care	5.3%
Consumer Services	13.2%	Telecommunications	2.0%
Consumer Goods	11.1%	Interest Bearing	0.3%

PORTFOLIO MANAGERS



Neil Padoa - BEconSc, FFA

Neil is a portfolio manager and head of Global Developed Markets. He joined Coronation in May 2012 and has 13 years' investment experience.



Humaira Surve - BScEng, MBA, CFA

Humaira is a portfolio manager within the Global Developed Markets team, responsible for co-managing the Coronation Global Equity Select, Active Global Equity and Global Managed strategies. She joined Coronation in 2012 as a global developed markets analyst. Humaira has nine years investment experience.

FUND MANAGERS

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REGULATORY DISCLOSURE AND DISCLAIMER

The Prospectus of Coronation Global Opportunities Fund and Fund KIID can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/ucits-fund-library/umbrella-fund> and a Summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/about-us/ucits-v-disclosure/>.

The Prospectus of the Coronation Universal Fund and a Summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/>.

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The volatility of the Benchmark represented in the growth chart above may be materially different from that of the Strategy. In addition, the holdings in the accounts comprising the Strategy may differ significantly from the securities that comprise the Benchmark. The Benchmark has not been selected to represent an appropriate benchmark to compare the Strategy's performance, but rather is disclosed to allow for comparison of the Strategy's performance to that of a well-known and widely recognized Benchmark.

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REVIEW FOR THE QUARTER

Equity markets declined 1% over the third quarter, with a weak September (down approximately 4%) ending a strong run of consecutive positive monthly gains since February.

The Strategy underperformed over the quarter, declining 7.1%. This weak quarterly result has also pulled longer-term returns lower: over three years the Strategy has returned 12.3% per annum (p.a.) (a marginal 0.2% behind the benchmark), and over five years the return of 12% p.a. is 1.2% behind.

The primary detractor, as a group, were the Strategy's Chinese positions. Since November last year, various regulatory changes and investigations have been announced and carried out. It is likely that these changes are indicative of a more intrusive regulatory regime going forward, but the impact will vary by sector. Some of these regulations have similar objectives to regulations that are commonplace elsewhere globally, aimed at promoting fair competition, protecting consumers, and safeguarding data. We think the intrusiveness of the various regulators and the resultant uncertainty has raised the hurdle rate for investing in China. But over the long term, we think China will remain a country with significant investment opportunities. We used the dislocations in the market to re-orient the Strategy to those businesses on the right side of regulatory change or where good businesses suffered price declines that meaningfully overshoot our assessment of the regulatory risk. To do justice to this important topic, we have a comprehensive discussion on what has happened and our views in an upcoming Correspondent article.

The Strategy's aggregate exposure to North American railroads also detracted from returns in the quarter. While we haven't discussed these investments in detail previously, our initial research work into the stocks dates back to 2012 where the first internal research note on Union Pacific began: "UNP has a strong, defensible moat, an ongoing pricing opportunity, and an inherent cost advantage relative to its substitute, trucking. At the current share price, the risk/reward is in one's favour".

It's quite remarkable how enduring the core of this investment thesis has proved. In many ways, today, nine years later, the investment case is largely unchanged.

The North American rail industry comprises three duopoly rail networks and one network traversing from Kansas City to Mexico. These assets cannot be replicated, form an important part of the North American supply chain backbone, and have a measure of pricing power that has allowed them to price in excess of their cost inflation over time. Management teams are shareholder-oriented. Over the past few years, there have been several developments in the industry that we think create an opportunity for these to be good investments over the next five years.

Firstly, CSX and Union Pacific, two of the US railroads, embarked on a new system of managing the railroads called Precision Scheduled Railroading, which emphasises moving cars through the network in a scheduled, point-to-point manner as opposed to the old hub-and-spoke model. This improved network throughput lowered operating costs, increased the network's physical capacity, and improved the responsiveness of the rails, as demonstrated by limited margin compression during the volume downturn in the second quarter of last year. The improved service levels that PSR has enabled will help the rails to take share from trucking over time. Historically, trucks have achieved over 90% of deliveries on time compared to 50-60% for rail. The gap has reduced significantly, with CSX claiming to have been on par with trucking in 2019.

Secondly, Covid-19 decimated the economy last year and, as mobility improves, we expect economic growth to pick up. However, as we stand today, inventory levels in the economy are below normal and global supply chains are stuttering. The railroads will be critical to getting inventory levels back to a normal level so that the economy can begin operating more smoothly. This should drive solid volume growth for the rails.

Thirdly, the rails compete with trucks over shorter haul lengths and for certain commodities. Currently, the truck market is facing driver and truck shortages, resulting in high truck prices. This has created an environment for the rails to achieve healthy pricing.

Given the above points, we think the US rails are well-positioned to generate low-double-digit free cash flow per share growth with an attractive starting valuation. Union Pacific is trading at a free cash flow yield close to that of the market, and we think it is an above-average business with better growth prospects over the next five years and above-average prospects in the case of surprise inflation. Canadian Pacific has, arguably, the best management team in the North American rail industry and is in the process of merging with Kansas City Southern, the Mexican railroad. The combined railroad can offer more efficient single-line service instead of having to interchange, the reliability of which we believe will be highly valued by shippers. Both seemingly have been impacted by concerns related to supply chain issues. In time the supply chain will untangle, and the rails will be important in supporting this.

Netflix was a top contributor in the third quarter. Netflix is the world's largest paid streaming video platform, with over 200m subscribers around the world. The company, led by visionary founder Reed Hastings, is extremely innovative and has shown the ability to disrupt itself to stay ahead of a dynamic market on numerous occasions – pivoting from rented DVDs to streaming in 2007, launching its first Netflix Original in 2013, and more recently its move into gaming, which we believe will bring significant benefits to already strong engagement metrics.

Netflix offers an unrivalled combination of global content production capabilities and distribution reach, giving it the ability to make and break great shows and movies around the world. The company has proven that good stories resonate globally, as evidenced by hit shows such as Narcos, Lupin or recent phenomenon Squid Game. Netflix Originals now dominate its Top 10 viewing lists.

Netflix has long been considered the disruptor of the traditional pay-tv bundle. However, we still see a significant growth runway driven by latent pricing power and strong subscriber growth in international markets. Its home market, the United States, is often labelled mature, but we believe Netflix's pricing power is under-appreciated. Over 70m US households are still paying around \$100 per month for a traditional pay-tv bundle. Against this backdrop, Netflix is an absolute steal with an ARPU of \$14.50 per month and will continue to be a beneficiary of accelerating pay-tv declines in its core market for years to come.

Netflix is no longer without streaming competition, but we consider it well placed to be the streaming anchor in households worldwide. With continued strong tailwinds from the global disintermediation of the pay-tv bundle, its subscriber base could double over the medium term with above-inflation price increases. We expect earnings growth of over 25% per year over the medium term, with the company set to generate significant free cash flow going forward as content costs begin to moderate off a massive \$17bn base after years of accelerated investment. The Strategy increased its position at prices below \$500 earlier this year.

Certain sectors of the equity market have suffered price dislocations, and we have repositioned the Strategy to take advantage of what we consider to be a more attractive opportunity set with higher embedded returns.

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