

CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

Fund Information as at 31 December 2022

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 any five-year period. 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. It will have exposure to a variety of currencies, with a general bias towards developed markets, specifically to the US dollar and 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

Risk Profile



Maximum growth/ minimum income exposures



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. Global currency movements may intensify investment gains or declines.

A conservative multi-asset fund which aims to preserve capital, it is classified as having a conservative to moderate risk profile. However, the fund has significant foreign asset exposure and is therefore subject to currency volatility. For the rand investor the risk profile of the fund should be considered as moderate to high.

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

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.

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 incurred in the fund include fees payable to unconnected international fund managers on a portion of assets situated offshore as well as 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.

WHO ARE THE FUND MANAGERS?



NEIL PADOA

BEconSc (AcSci), FFA, CFA

GENERAL FUND INFORMATION

Launch Date	1 November 2008
Fund Class	A
Benchmark	Secured Overnight Financing Rate (SOFR) + 1.5%
ASISA Fund Category	Global – Multi-asset – Low Equity
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COGCPFA
ISIN Code	ZAE000126652
JSE Code	COLA

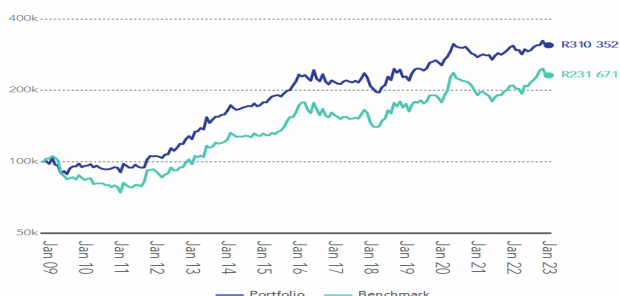
CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

CLASS A as at 31 December 2022

ASISA Fund Category	Global - Multi Asset - Low Equity
Launch date	01 November 2008
Fund size	R 3.27 billion
NAV	322.13 cents
Benchmark	SOFR + 1.5%
Portfolio manager/s	Neil Padoa

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (ZAR)

	Fund	Benchmark
Since Launch (unannualised)	210.4%	131.7%
Since Launch (annualised)	8.3%	6.1%
Latest 10 years (annualised)	9.5%	9.0%
Latest 5 years (annualised)	8.2%	9.6%
Latest 3 years (annualised)	6.7%	9.1%
Latest 1 year	0.4%	10.1%
Year to date	0.4%	10.1%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (USD)

	Fund	Benchmark
Since Launch (unannualised)	78.7%	34.0%
Since Launch (annualised)	4.2%	2.1%
Latest 10 years (annualised)	2.1%	1.7%
Latest 5 years (annualised)	1.5%	2.9%
Latest 3 years (annualised)	0.2%	2.3%
Latest 1 year (annualised)	(5.5)%	3.2%
Year to date	(5.5)%	3.2%
2021	2.9%	1.7%
2020	3.6%	2.2%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	12.6%	14.3%
Sharpe Ratio	0.29	N/A
Maximum Gain	23.7%	N/A
Maximum Drawdown	(19.6)%	N/A
Positive Months	58.2%	N/A
	Fund	Date Range
Highest annual return	34.8%	Jun 2012 - May 2013
Lowest annual return	(11.9)%	Jun 2020 - May 2021

MONTHLY PERFORMANCE RETURNS (AFTER FEES) (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(4.3)%	0.3%	(4.2)%	5.0%	(2.0)%	1.2%	3.2%	1.6%	0.1%	4.4%	(4.7)%	0.4%	0.4%
Fund 2021	1.7%	1.1%	(1.1)%	0.3%	(4.3)%	3.9%	2.6%	(1.6)%	1.9%	2.4%	3.1%	1.5%	11.8%
Fund 2020	6.0%	2.6%	5.6%	7.1%	(2.6)%	(0.9)%	(0.3)%	1.1%	(3.0)%	(3.4)%	(1.0)%	(2.6)%	8.2%
Fund 2019	(4.0)%	7.0%	4.2%	0.9%	(0.5)%	(1.5)%	2.1%	5.6%	1.0%	1.3%	(2.1)%	(2.7)%	11.3%
Fund 2018	(2.8)%	(2.9)%	(0.5)%	5.4%	1.9%	8.5%	(3.3)%	11.6%	(3.6)%	2.9%	(7.0)%	0.8%	9.8%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.39%	1.41%
Fund expenses	1.25%	1.25%
VAT	0.08%	0.10%
Transaction costs (inc. VAT)	0.06%	0.06%
Total Investment Charge	0.05%	0.07%
	1.44%	1.48%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2022
Equities	32.0%
Infrastructure	2.1%
Property	1.5%
Convertible Bonds	1.9%
High Yield Bonds	7.9%
Gold	4.4%
Merger Arbitrage	1.2%
Fixed Income	48.4%
T-Bills	2.1%
Inflation-linked Bonds	9.0%
Investment Grade	37.3%
Cash	0.6%

TOP 10 HOLDINGS

As at 31 Dec 2022	% of Fund
Vinci Sa	1.0 %
Visa Inc	0.9 %
Microsoft Corp	0.9 %
Heineken Holdings Nv	0.8 %
Canadian Pacific Railway Ltd	0.8 %
Canadian National Railway Co	0.8 %
British American Tobacco	0.8 %
Alphabet Inc	0.8 %
Ovintiv Inc	0.8 %
Csx Corp	0.7 %

CURRENCY ALLOCATION

Currency as at 31 Dec 2022	% of Fund
US Dollar	80.8%
Other	19.2%

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.

Performance

Equity markets declined by 1% over the third quarter, with a weak September (down approximately 4%) ending a strong run of consecutive positive monthly gains since February this year. The global bond market was down by a similar amount for the quarter (0.9%), bringing the year-to-date decline to -4%. Despite these price declines, the US 10-year Treasury bond yield is still low, at around 1.5%.

In what was a torrid year for almost all asset classes, the fourth quarter of 2022 (Q4-22) provided some respite, with both global equity (+9.8%) and global bond markets (+4.5%) advancing. Despite this recovery, the year still ended firmly in negative territory, with global equities down -18.4% and global bonds down over -16.2%. The Fund had a strong quarter, advancing 5.7%.

The market in 2022 has changed in a number of ways. For the Fund, perhaps the most notable difference compared to a year ago is the opportunity set that has emerged in the fixed income space. For the last decade we have run out of ways to say that “we see no value in developed market government bonds” or “fixed income markets offer little in the way of return, while assuming a significant degree of risk”. And for much of this period we looked foolish as interest rates plumbed new lows (meaning prices hit new highs). That all changed last year as the high yield, investment-grade credit, emerging market debt, and developed market government debt markets all registered double-digit declines. This is not what investors seek from (supposedly safe) bonds!

Fund positioning

For the portfolio, these declines have given us a long-awaited opportunity to put meaningful amounts of capital to work. At this time last year, we held over 20% of the Fund in short-dated US Treasury Bills (T-Bills). These instruments, with maturities of typically less than three months, yielded virtually nothing. Today we hold only 2% in T-Bills. The capital has primarily been re-allocated to Investment-Grade Credit, where exposure has more than doubled from 17% to 37%.

The chart below gives a sense for how significant the moves have been. For the iShares 1-5-year Investment Grade Corporate Bond ETF (a proxy for the short-dated investment-grade corporate bond market) yields to maturity have moved from 1% in 2021 to over 5% currently.

Figure 1

MOVES HAVE BEEN SIGNIFICANT IN THE SHORT-DATED INVESTMENT GRADE CORPORATE BOND MARKET



Source: ICE

The Fund's exposure to inflation-linked bonds (ILBs) has also increased, from virtually nothing last year, to 9% today. These bonds work differently to typical fixed income instruments. Instead of locking in a nominal rate of return, ILBs allow investors to lock in a real return (i.e. a return over inflation). A simple example may clarify the mechanics of

this type of bond: let's say an investor buys a 10-year US Treasury bond with a yield to maturity of 4%. If that investor holds the bond to maturity¹, then his/her return is guaranteed to be 4%. Now, if inflation over that period is 2.5% per annum, then the investor will have earned 1.5% real (or 1.5% after inflation). If inflation surprised to the upside at say 5% per annum, then the investor would have earned less than inflation, or -1% real.

In contrast, if the same investor bought a 10-year ILB at a real yield of 1.5%, then no matter what inflation does, if held to maturity, the investor will be guaranteed a return of 1.5% over inflation. So, if inflation materialises at 2.5% per annum, then he would have been indifferent between owning the Treasury bond (with its fixed nominal coupon) and the ILB. Both real and nominal returns would be the same. But in the instance where inflation surprises to the upside, the holder of the ILB would earn inflation of 5% per annum plus the 1.5% real yield, given a nominal return of 6.5%, and be much better off.

While our base case is that inflation trends lower from currently very high levels, there is a risk that it proves stickier and more volatile than the market expects, in which case removing inflation risk and locking in real returns becomes particularly valuable. Furthermore, real yields have increased significantly so ILBs are now more attractively priced than they have been for the last decade.

Figure 2

ILBs NOW MORE ATTRACTIVELY PRICED THAN THEY HAVE BEEN FOR THE LAST DECADE



Source: Bloomberg

At quarter-end, the portfolio was positioned as follows:

- 37.3% in investment-grade fixed income instruments
- 13.3% in inflation-linked assets (including 4.4% in gold)
- 9.8% in high yield fixed income assets
- 3.6% in real assets (listed infrastructure and property)
- 32% effective equity

The remaining 4.0% is invested across a range of other assets.

Equities remain an important building block for the portfolio. We believe the equity bucket is high quality and well diversified, and it delivered 4% outperformance against the MSCI All Country World Index (ACWI) during 2022. However, this healthy relative return could not shield the portfolio in the face of the ACWI's 18% decline. We continue to find a wide range of opportunities and, particularly after such declines, believe the current allocation to equities is sized appropriately for the Fund's mandate. The near-term volatility equities inevitably create is a small price to pay for augmenting the returns of long-term investors.

Portfolio manager

Neil Padoa

as at 31 December 2022

¹ and assuming coupons are re-invested at the same rate

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

The Global Capital Plus [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; 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.

HOW ARE THE BENCHMARK RETURNS CALCULATED?

The benchmark used for performance purposes is the Secured Overnight Financing Rate (SOFR) + 1.5%. From 1 December 2021 the benchmark changed from the USD 3-month LIBOR + 1.5% to the Secured Overnight Financing Rate (SOFR) + 1.5%. The benchmark returns shown in this MDD will be spliced between the previously applicable index values and the new benchmark from 1 December 2021.

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 over the period referenced. 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 underlying 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 the previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available 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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.