

WHAT IS THE FUND'S OBJECTIVE?

Global Managed seeks to balance long term real returns and the risk of loss by investing in a range of listed asset classes 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 balance long-term real returns and the risk of loss. The fund 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 a fund which balances long-term real returns and the risk of loss;
- 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.

WHO ARE THE FUND MANAGERS?



NEIL PADOA
BEconSci (AcSci), FFA,
CFA



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
ASISA 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

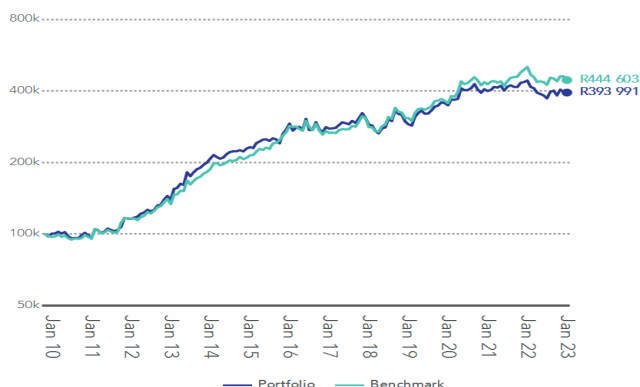
CLASS A as at 31 December 2022

ASISA Fund Category	Global - Multi Asset - High Equity
Launch date	29 October 2009
Fund size	R 7.17 billion
NAV	388.06 cents
Benchmark	Composite: 60% MSCI All Country World Index & 40% Barclays Global Bond Aggregate
Portfolio manager/s	Neil Padoa and Humaira Surve

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.38%	1.39%
Fund expenses	1.25%	1.25%
VAT	0.07%	0.08%
Transaction costs (inc. VAT)	0.06%	0.06%
Total Investment Charge	0.09%	0.11%
	1.47%	1.50%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



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

	Fund	Benchmark
Since Launch (unannualised)	294.0%	344.6%
Since Launch (annualised)	11.0%	12.0%
Latest 10 years (annualised)	10.9%	12.8%
Latest 5 years (annualised)	6.4%	9.5%
Latest 3 years (annualised)	4.2%	7.7%
Latest 1 year	(11.0%)	(11.9%)
Year to date	(11.0%)	(11.9%)

RETURNS VS BENCHMARK (AFTER FEES) (USD)

	Fund	Benchmark
Since Launch (unannualised)	81.3%	104.5%
Since Launch (annualised)	4.6%	5.6%
Latest 3 years (annualised)	(2.1%)	1.0%
Year to date	(16.2%)	(17.2%)

MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(6.0)%	(1.1)%	(4.3)%	(1.3)%	(1.4)%	(2.7)%	6.4%	1.2%	(4.5)%	5.8%	(2.1)%	(0.7)%	(11.0)%
Fund 2021	1.2%	2.8%	(0.6)%	1.7%	(4.6)%	3.8%	1.4%	(1.5)%	(0.1)%	4.2%	0.7%	1.5%	10.7%
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%
Fund 2018	(0.9)%	(4.9)%	(2.5)%	4.7%	1.1%	8.6%	(2.0)%	11.2%	(3.7)%	(0.8)%	(6.1)%	(2.8)%	0.3%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2022
Equities	72.3%
Infrastructure	2.2%
Property	1.0%
Convertible Bonds	1.2%
High Yield Bonds	5.5%
Gold	4.1%
Merger Arbitrage	2.0%
Fixed Income	12.1%
T-Bills	1.3%
Inflation-linked Bonds	7.4%
Investment Grade	3.5%
Cash	(0.4)%

TOP 10 HOLDINGS

As at 31 Dec 2022	% of Fund
British American Tobacco	2.6%
Alphabet Inc	2.5%
Schwab (charles) Corp	2.3%
Visa Inc	2.2%
Capri Holdings Ltd	2.2%
Jd.com Inc ADR	2.1%
Prosus Na	2.0%
Canadian Pacific Railway Ltd	1.7%
Airbus Group Se	1.7%
Entain Plc	1.6%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	13.2%	12.4%
Sharpe Ratio	0.32	0.42
Maximum Gain	22.7%	24.8%
Maximum Drawdown	(17.7)%	(15.8)%
Positive Months	58.9%	59.5%

	Fund	Date Range
Highest annual return	48.9%	Jan 2013 - Dec 2013
Lowest annual return	(11.0)%	Jan 2022 - Dec 2022

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

In what was a torrid year for almost all asset classes, the fourth quarter (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%. The Fund had a strong quarter, advancing over 9.8%.

Fund positioning

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!

The Fund’s conservative fixed income positioning, which resulted in an outperformance of over 10% when compared to the global fixed income benchmark, has given us a long-awaited opportunity to put capital to work in the fixed income space. Short-dated US Treasury Bills (T-Bills), with maturities of typically less than three months, and which yielded virtually nothing a year ago, have largely been sold to fund new investment grade credit and inflation-linked bond (ILB) positions.

The chart below gives a sense of 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 ILBs has also increased, from virtually nothing last year, to over 7% 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.

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

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:

- 72.3% effective equity
- 3.2% in real assets (listed infrastructure and property)
- 6.7% in high yield fixed income
- 11.4% in inflation-linked assets (including 4% in gold)
- 4.3% in investment-grade fixed income instruments

The remaining 2.1% is invested across a range of other assets.

While the Fund’s fixed income positioning has changed, and the return potential has increased, equities remain the most important building block for the portfolio. Indeed, regular readers will note that over the last year equity exposure has increased by approximately 6% to 72%. As outlined in commentaries throughout 2022, we are finding a broad range of opportunities.

In our Q2-22 commentary, we discussed Coupa Software and highlighted that some “high growth” stocks are no longer expensive. Coupa is a cloud-based software platform that offers an extensive suite of expense management solutions, including strategic sourcing, benchmarking, automating mundane procurement activities, streamlining processes and policies, and real-time supply chain visibility. Coupa is the software market’s undisputed business spend management leader and has a long runway for growth as companies continue to digitise their back-office processes. Over the last year, the business experienced elongated sales cycles in a tough macro environment, however our conviction in its product superiority and customer proposition through its high return on investment remained intact. On 12 December 2022, Coupa’s Board entered into an agreement with a private equity firm, Thoma Bravo, to be taken private in the next six months. The enterprise value was determined to be \$8bn, an 8.7 times multiple of next year’s revenue, equating to a 77% premium to the pre-acquisition undisturbed share price. While the \$81 takeover price is marginally below our fair value, we are satisfied with the offer, considering the swift return generated for our portfolios and the large opportunity set of high conviction ideas we currently have.

In the same commentary we also discussed “value” stock Capri, the owner of three iconic founder-led brands in Michael Kors, Jimmy Choo, and Versace. “In our view, the resilience of Kors and the significant growth potential of Versace and Choo is being totally overlooked by the market, with Capri Holdings being valued on 6-7 times earnings. Management clearly agrees, with a new \$1bn share repurchase programme and the company buying back \$300m of stock (5% of the market capitalisation) in the last quarter alone. We believe Capri offers tremendous value for long-term investors.” Capri was the top contributor to returns in Q4-22, advancing 49%.

Netflix was a positive contributor in Q4-22. This follows a strong period of outperformance, with the share almost doubling since its May 2022 lows. As a reminder, Netflix shares tumbled in the first half of 2022, driven by worse-than-expected results and subscriber declines after years of strong growth. We subsequently scrutinised the investment case intensely, which resulted in a lowering of our growth assumptions and fair value. Importantly, we did, however, conclude that our core investment thesis was largely unchanged and that the market had overly penalised Netflix based on two quarters of weak growth. Netflix remains the clear market leader in streaming, an industry with high barriers to entry, ample pricing power, and strong structural growth tailwinds. We stuck to our view, with our long-term focus being key in a skittish and volatile market.

Finally, we had discussed how not owning certain mega caps hurt returns relative to the market in 2021. It was notable that much of this reversed in 2022 and not owning Tesla (-65% for the year), Nvidia (-50%), and Apple (-26%) all contributed to the Fund’s relative returns.

Outlook

As always, we have no insight into the direction of the market in the near term. We aim to focus on what we control, which is researching investment ideas across the capital structure, and responding to opportunities as and when they arise. In the fixed income space, we have increased duration, added investment-grade corporate credit, and bought ILBs. In the equity markets, we think certain stocks are heavily discounted and offer attractive returns for investors with a long-term time horizon. This is the primary determinant of our overweight position.

Portfolio managers
Neil Padoa and Humaira Survé
as at 31 December 2022

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; 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 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.