

## 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

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.

## 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.

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 portfolio costs.

We do not charge any 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?



**NEIL PADOA**  
BEconSc (AcSci),  
FFA, CFA



**HUMAIRA SURVE**  
BScEng, MBA, CFA



**LOUIS STASSEN**  
BSc, BCom (Hons), CFA

## GENERAL FUND INFORMATION

Launch Date	1 March 2010
Class	A
Class Type	Accumulation
Fund Domicile	Ireland
Morningstar Fund Category	USD – Aggressive Allocation
Currency	US Dollar
Benchmark	60% MSCI All Country World Index and 40% Barclays Global Bond Aggregate
Investment Minimum	US\$15 000
Bloomberg	CORGMFA
ISIN	IE00B3PR9321
SEDOL	B3PR932

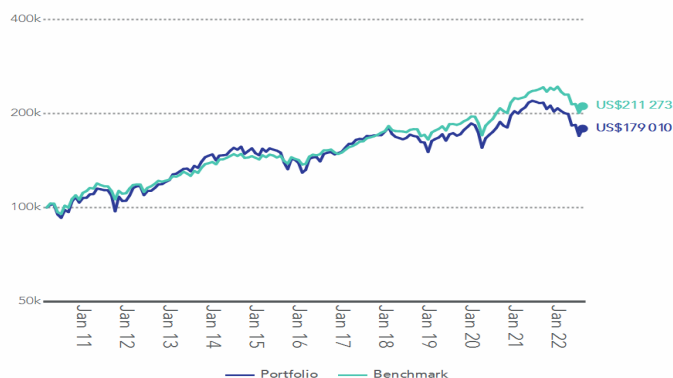
CLASS A as at 31 July 2022

Launch date	01 March 2010
Fund size	US\$ 841.94 million
NAV	17.74
Benchmark	Composite: 60% MSCI All Country World Index & 40% Barclays Global Bond Aggregate
Portfolio manager/s	Neil Padoa, Humaira Surve and Louis Stassen

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.33%	1.32%
Fund expenses	1.25%	1.25%
VAT	0.08%	0.07%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.08%	0.10%
	1.41%	1.42%

## PERFORMANCE AND RISK STATISTICS

## GROWTH OF A \$100,000 INVESTMENT (AFTER FEES)



## RETURNS VS BENCHMARK (AFTER FEES)

	Fund	Benchmark
Since Launch (unannualised)	79.0%	111.3%
Since Launch (annualised)	4.8%	6.2%
Latest 10 years (annualised)	4.7%	6.1%
Latest 5 years (annualised)	1.1%	4.8%
Latest 3 years (annualised)	1.1%	4.5%
Latest 1 year	(17.2%)	(11.9%)
Year to date	(13.9%)	(13.4%)

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	12.8%	9.7%
Sharpe Ratio	0.33	0.58
Maximum Gain	21.7%	23.0%
Maximum Drawdown	(22.8%)	(17.5%)
Positive Months	61.7%	61.7%
	Fund	Date Range
Highest annual return	34.6%	Apr 2020 - Mar 2021
Lowest annual return	(22.3%)	Jul 2021 - Jun 2022

## MONTHLY PERFORMANCE (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(2.0%)	(1.5%)	(0.7%)	(8.0%)	0.4%	(7.8%)	5.5%						(13.9%)
Fund 2021	(1.7%)	2.8%	1.8%	3.7%	1.2%	(0.7%)	(1.0%)	0.4%	(4.6%)	2.5%	(4.2%)	2.4%	2.1%
Fund 2020	(1.4%)	(5.3%)	(10.5%)	7.1%	2.6%	2.2%	3.0%	4.5%	(2.7%)	(1.3%)	9.2%	3.3%	9.5%
Fund 2019	8.4%	1.4%	1.1%	2.4%	(4.6%)	4.8%	0.9%	(1.9%)	1.0%	3.3%	2.3%	2.5%	23.4%
Fund 2018	3.1%	(4.8%)	(2.2%)	(0.8%)	(1.0%)	1.0%	2.5%	(1.0%)	(0.5%)	(3.8%)	(0.4%)	(6.8%)	(14.0%)

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2022
Equities	69.5%
Infrastructure	4.3%
Property	2.4%
Convertible Bonds	1.6%
High Yield Bonds	4.5%
Commodities	4.7%
Merger Arbitrage	2.8%
Fixed Income	6.7%
T-Bills	3.7%
Inflation break-evens	2.0%
Investment Grade	1.0%
Cash	3.5%

## TOP 10 HOLDINGS

As at 30 Jun 2022	% of Fund
Prosus Na	3.4%
Jd.com Inc ADR	3.4%
British American Tobacco	3.1%
Charter Communication A	3.1%
Alphabet Inc	3.0%
Visa Inc	2.9%
Canadian Pacific Railway Ltd	2.7%
Vinci Sa	2.2%
Amazon Com Inc	2.2%
World Quantum Growth Acquisi	2.0%

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

Global asset markets have had a torrid start to the year, with equities experiencing the worst first half of a year in over 50 years. In a rare, coordinated sell-off, where both core asset classes (equities and bonds) declined, investors have had few, if any, places to hide in 2022 so far. Indeed, the declines have been widespread, with REITs declining 20% (according to Morgan Stanley “the worst start to a year on record”) and gold down approximately 5%. Only short-dated USD cash and certain commodities delivered positive returns.

Considering this backdrop, and the fact that the Fund came into the year with an overweight position in equities, the portfolio’s returns have also suffered. Nevertheless, conservative fixed income positioning, select commodity exposure and a positive contribution from merger arbitrage positions resulted in the year-to-date return being within 1% of the benchmark.

While the severity and somewhat indiscriminate nature of the sell-off has been painful to endure, it has also resulted in widespread price dislocation. In equity markets, for instance, good businesses have been jettisoned alongside weak businesses, with little regard for differences between their long-term prospects. Across multiple industries and investment themes, our analysts are finding a range of opportunities that we consider to be very attractive today.

Long-time readers will know that we follow a valuation-driven investment research process. By assessing multiple factors (including the underlying earnings power of a business, the quality of management and key risks), we aim to determine a fair value (FV) - our estimate of what the business is really worth. When the price the stock is trading at in the market is well below our FV estimate, it often signals opportunity. Using these fair values for each stock, we can calculate a FV (and upside to FV) for the portfolio as a whole, which we have tracked over time. This is far more than a mere analytical exercise. As the table below shows, there is a strong positive correlation between the portfolio’s estimated upside, and subsequent equity returns. In previous periods where the upside to FV has been in the 60% to 80% range, subsequent equity returns (over the next two years) were approximately double the Fund’s average equity return. Today, the upside within the equity portfolio is again in the 60% to 80% range. And while there are no guarantees, this is one of the reasons for our optimism about the portfolio’s future prospects.

#### HISTORIC UPSIDE TO FAIR VALUE VS. SUBSEQUENT RETURNS

Starting Upside	Frequency (% of time)	Average Subsequent Equity Performance (2 years) p.a.
30 - 40%	31%	4.6%
40 - 50%	25%	8.6%
50 - 60%	19%	10.8%
60 - 70%	4%	17.1%
70 - 80%	7%	21.0%

Source: Coronation

To highlight the broad range of opportunities our analysts see today, we have selected a few examples from different corners of the market - spanning multiple industries and style factors - where we believe the long-term fundamentals of the businesses are not reflected in the valuation.

#### (Some) High growth stocks are no longer expensive

Software has long been an industry where the leaders have enjoyed high growth, high margins, and exceptional returns on invested capital. Large parts of the sector have transitioned from a licensed, on-premises model to a subscription-based (software-as-a-service) model, with even better economics accruing to the winners (for instance, through higher customer retention and lifetime value). This insight has not been lost on the market, and the sector justifiably seldom appears “cheap” on shorter-term metrics. However, valuations became detached from reality, in our view, as the market, fueled by low interest rates, demonstrated a near insatiable appetite for growth stocks during the pandemic with little regard for the price paid. This changed dramatically in 2022 as rising interest rates have led to a repricing of growth, with the sector selling off sharply and indiscriminately. This has enabled us to purchase two new names that have been on our watchlist for some time, Adobe and Coupa.

Adobe is the leading software provider for creative professionals. Its products such as Photoshop, Illustrator and Premiere Pro are market leading, industry standard tools essential for users to do their jobs effectively. Adobe thus boasts sticky customer relationships with a high degree of recurring revenue. It is a high-quality compounder that is well placed to benefit from continued growth in the creation and consumption of content, the growing use of technology in effective marketing solutions and the continued digitisation of paper processes. These positive attributes, coupled with a history of innovation, have enabled Adobe to deliver top-tier revenue growth (22% five-year historic compound annual growth rate), margins (37% at the operating level, and rising), cash generation (over 100%) and returns on invested capital (close to 40%). We believe Adobe has sold off on macro concerns, rather than for any stock-specific reasons, and expect double-digit annual returns from this quality asset going forward.

Coupa is a cloud-based expense management platform for enterprises. It enables customers to monitor spend in real time, to set and check adherence to expense policies and guidelines, and to automate mundane procurement and payment-related functions. Coupa’s popular procurement tool connects customers with a broad range of suppliers, allows them to set spend policies, shop around, see supplier inventory balances, track purchases, and compare spend data to benchmarks to identify inefficiencies.

Coupa estimates that it saves its customers 3% - 5% of the total amount spent through its platform. This is a significant benefit, and our detailed work and checks with both software experts and users confirm that its solutions are highly rated and deliver substantial savings to customers. To build on this solid foundation, Coupa is investing both organically and inorganically to expand its capabilities in related areas such as payments and supply chain solutions. The opportunity set is large, and we believe Coupa is well positioned to capture a sizable portion of it. While this investment is strategically sensible, it comes at the expense of current profitability, which remains well below normal in our view. We forecast continued strong revenue growth (above 20%) and see significant upside to FV based on conservative normal margin assumptions.

The stock has fallen by more than 80% from its peak as concerns mount that “back-office” IT spend could be the first to be cut, should we enter a recession. We think this risk is real, but fully reflected in the current valuation.

#### (Some) Consumer cyclicals already anticipate a recession

Capri Holdings is the owner of three iconic, founder-led luxury brands in Michael Kors, Jimmy Choo and Versace. The latter two were acquired in 2017 and 2018, respectively, and added true luxury cachet alongside Kors’ more accessible positioning.

Versace is a highly regarded fashion brand, known for its innovative and glamorous designs. While celebrities regularly donned its bold creations at red carpet events around the world, the brand was historically severely undermonetised due to a narrow focus on haute couture and bespoke runway items. This has changed under Capri’s ownership, with Versace growing its ready-to-wear ranges and devoting more resources to new menswear, footwear, and high margin leather accessories ranges, as well as developing ecommerce capabilities. Capri plans to more than double Versace’s revenue base over the medium term while expanding operating margins well above 20%. Based on our research, the brand is in excellent shape with strong pricing power, and the aforementioned targets are very achievable. Early evidence of profitable growth leaves us excited about what lies ahead for Versace.

Known for its handbags, Michael Kors operates in the affordable luxury segment. The group was historically over-exposed to department store sales and discount outlets, where they had limited control over pricing and, by implication, brand perception. However, both Kors and key competitor Coach have successfully begun to elevate their brand profiles through narrower distribution, focusing on a smaller number of higher priced items and reducing promotional intensity. 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.

#### (Some) Steady compounders are priced for disruption

Payment processors benefit from a long-term structural shift from cash to electronic payment methods (e.g. cards). This global trend has multiple drivers, including growth in ecommerce, reduction in friction (e.g. tap-to-pay), behavioural changes (e.g. hygiene preferences post Covid) and government incentives. Despite ongoing innovation from challengers, we believe the resilience of a number of incumbents in the payments ecosystem is underappreciated. Similarly, the revenue streams of the payment companies are principally a function of nominal payment volumes, providing a natural hedge in an inflationary environment.

For instance, Visa’s position as the dominant card network allows them to be an enabler of innovation, rather than being disrupted. New market entrants have in many cases found that partnering with Visa is the most effective route to get to scale. Similarly, Visa (as well as MasterCard) remains an indispensable partner for retailers – even Amazon walked away from a high-profile threat to stop accepting Visa cards in the UK. This strong incumbent position affords Visa the resources and credibility to invest in new product lines, like Visa Direct and B2B payments. We estimate Visa can grow earnings by 15% p.a. over the next five years; the current 23 times price-to-earnings P/E multiple does not sufficiently capture this growth.

Similarly, a number of merchant acquirers (who accept payments on behalf of merchants and connect to various payment schemes, such as Visa) have seen their shares derate on fears of disruption. Fiserv, which is the second largest acquirer in the US, has in our view been mischaracterised by the market as a stodgy incumbent, weighed down by old technology and overexposure to banks, destined to lose market share. We think this narrative is far too simplistic (and frankly wrong). More than 20% of Fiserv’s merchant revenue is from its software-led Clover POS platform, targeting smaller merchants in the restaurant and retail verticals, which is growing at 30% p.a.; similarly, its new Carat platform aimed at enterprise omnichannel retail is growing at 20%. Fiserv is also the leading provider of core banking software, a slower growing but incredibly stable business, that creates meaningful opportunity to cross sell merchant services in partnership with their banking customers. We think Fiserv can grow revenue at a high single-digit rate and earnings by mid-teens over the next five years, leaving the stock grossly mispriced on 13 times P/E.

#### Even (some) long-duration, loss-making businesses offer attractive risk vs reward trade-offs

It has been a particularly brutal year for long-duration growth companies, with many names down 60% to 70%. Many nascent businesses with unproven business models were beneficiaries of the ultra-low rate environment, where the prospect of future riches - however speculative - was chased to extreme levels. With valuations in many instances detached from reality, a reset was necessary. The subsequent sell-off has been swift but also indiscriminate. With access to cheap capital suddenly limited, many of these early-stage companies now need to pivot from growth at any price, to generating sustainable profits and cash flows. Some of these businesses are likely to fall short of their lofty aspirations, but some will succeed. While the range of potential outcomes is wide, we see an opportunity for long-term investors to identify disruptive companies with attractive, sustainable business models that offer the potential for outsized gains; we have started to build a modest position in this segment via a basket of winners across industries including ecommerce and food delivery.

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

- 64.2% in equity, excluding commodity equity exposure of 5.0%
- 10.1% in commodity-related assets, split equally between gold (the metal) and diversified miners
- 8.0% in investment-grade fixed income
- 7.7% in high yield fixed income
- 4.7% in listed infrastructure assets
- 2.3% in property
- 2.8% in merger arbitrage situations

There’s a saying in markets that you can have good news and you can have good prices, just not at the same time. While many of the news headlines today are bleak, much of this is already reflected in asset prices. Our assessment of what most businesses in the portfolio are worth is largely unchanged, but with market prices materially lower, the portfolio’s price-to-value gap has widened significantly, implying much higher expected future returns.

**Portfolio managers**  
Neil Padoa, Humaira Survé and Louis Stassen  
as at 30 June 2022

**IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL MANAGED FUND**

The Global Managed 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 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 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 [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.

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>.

A summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/about-us/ucits-v-disclosure/>.

**IMPORTANT INFORMATION REGARDING TERMS OF USE**

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