

CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

Fund Information as at 30 April 2023

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
Income Distribution	Semi-annually (March & September)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	COGCPFA
ISIN Code	ZAE000126652
JSE Code	COLA

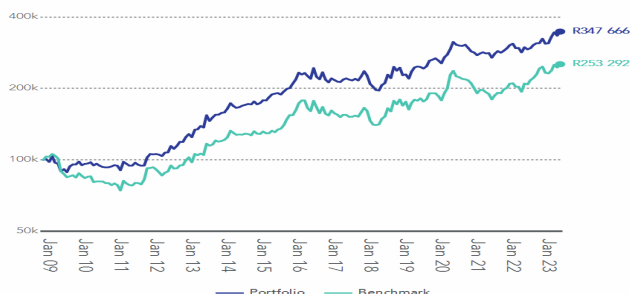
CORONATION GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND

CLASS A as at 30 April 2023

ASISA Fund Category	Global - Multi Asset - Low Equity
Launch date	01 November 2008
Fund size	R 3.64 billion
NAV	360.86 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)	247.7%	153.3%
Since Launch (annualised)	9.0%	6.6%
Latest 10 years (annualised)	9.8%	9.2%
Latest 5 years (annualised)	11.0%	11.2%
Latest 3 years (annualised)	3.4%	2.2%
Latest 1 year	16.5%	20.7%
Year to date	12.0%	9.4%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (USD)

	Fund	Benchmark
Since Launch (unannualised)	85.6%	36.5%
Since Launch (annualised)	4.4%	2.2%
Latest 10 years (annualised)	2.2%	1.8%
Latest 5 years (annualised)	2.7%	3.1%
Latest 3 years (annualised)	3.6%	2.6%
Latest 1 year (annualised)	0.7%	4.5%
Year to date	3.9%	1.9%
2022	(5.5)%	3.2%
2021	2.9%	1.7%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	12.6%	14.3%
Sharpe Ratio	0.30	N/A
Maximum Gain	23.7%	N/A
Maximum Drawdown	(19.6)%	N/A
Positive Months	58.6%	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 2023	6.5%	4.4%	(3.1)%	4.0%									12.0%
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%

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.39%	1.40%
Fund expenses	1.25%	1.25%
VAT	0.08%	0.09%
Transaction costs (inc. VAT)	0.06%	0.06%
Total Investment Charge	0.05%	0.06%
	1.44%	1.46%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Apr 2023
Equities	21.7%
Infrastructure	1.7%
Property	1.3%
Convertible Bonds	2.1%
High Yield Bonds	6.8%
Gold	2.0%
Merger Arbitrage	0.0%
Fixed Income	58.3%
T-Bills	15.8%
Inflation-linked Bonds	11.6%
Investment Grade	30.8%
Cash	6.1%

TOP 10 HOLDINGS

As at 31 Mar 2023	% of Fund
Heineken Holdings Nv	1.0 %
British American Tobacco	0.9 %
Alphabet Inc	0.8 %
Canadian Pacific Railway Ltd	0.7 %
Canadian National Railway Co	0.7 %
Airbus Group Se	0.7 %
Visa Inc	0.7 %
Microsoft Corp	0.7 %
Noble Corp Plc	0.7 %
Csx Corp	0.6 %

CURRENCY ALLOCATION

Currency as at 30 Apr 2023	% of Fund
US Dollar	81.9%
Other	18.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2023	03 Apr 2023	0.00	0.00	0.00
30 Sep 2022	03 Oct 2022	0.00	0.00	0.00

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 and fund positioning

Although markets were volatile, the news headlines frequently grim, and the general economic mood quite wary, the first quarter of 2023 was a good one for most asset classes. The global equity index (MSCI All Country World Index) advanced 7.3% while the global bond index increased by 3.0%, both building on last quarter's gains. The Fund outpaced its benchmark, increasing by 3.6%.

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

- 45% in investment-grade fixed income instruments
- 14% in inflation-linked assets (including 2.5% in gold)
- 10% in high yield fixed income
- 3% in real assets (listed infrastructure and property)
- 22% in effective equity

The remaining 6% was invested across a range of other assets.

We outlined the meaningful change in fixed income markets, and how the Fund responded, in the prior quarter's commentary (Q4-22). This quarter, the most notable changes in positioning have been a reduction in effective equity exposure, a reduction in gold ETF holdings, and an increase in fixed income holdings.

Over the last year, real asset exposure has also halved from over 6% to 3% of Fund with one of the biggest sales being VINCI, the French concessionaire and construction company. VINCI operates toll roads and airports on behalf of various governments and has benefited from the post-pandemic recovery in travel. We have owned VINCI since 2020 and it has been a contributor to our performance over the period. While we still like VINCI for its highly visible, inflation-linked cash flows, the expected return has reduced as the stock has appreciated. We have therefore reduced the position size in favour of more attractive relative opportunities.

Given the sharp rally in risk assets since the October 2022 trough, the range of macroeconomic risks facing investors, and the fact that implied volatility (a key input in pricing options) was low, we took the opportunity to purchase put protection for the Fund in February 2023. These options provide full downside protection on 6% of the Fund until March 2024 if the S&P 500 Index dips below 3 950. While we are highly cognisant that insurance comes at a cost, we consider the all-in expense of 0.4% (or 40 basis points [bps], equivalent to c.3bps per month until expiry) to be a fair trade-off.

In terms of specific stocks, Meta was a top contributor for the quarter, gaining 76%. This performance was driven by two important factors. Firstly, the Family of Apps, which include Facebook and Instagram, reported strong engagement metrics which are important indicators of Meta's ability to surface ads and generate revenue. Instagram continued to narrow the gap with TikTok, and the core Facebook Blue app proved similarly resilient.

Secondly, management's focus has pivoted towards efficiency across the business, culminating in a near 25% reduction in workforce. Like many of its peers, Meta recruited heavily during the pandemic years in response to a buoyant external environment for digitally enabled technology businesses, resulting in a bloated cost base and creeping inefficiencies. The reduction in cost and layers of bureaucracy should lead to improved profitability and faster decision making.

One remaining source of debate is the heavy ongoing investment in Reality Labs. With much of the investment targeted at foundational technology innovation in, as yet, commercially unproven AR/VR (augmented reality/virtual reality), the payoff profile remains uncertain.

Despite the sharp rerating, we believe the valuation remains compelling. With little in the Meta share price for Reality Labs, the division provides an element of optionality to the investment case. Excluding the losses from Reality Labs, the core business trades on roughly 12 times 2024 earnings, which should grow at a double-digit rate for the next few years, while cash generation should improve due to a normalising capex cycle (after heavy investment in data centres).

In Fixed Income, late cycle dynamics were evident as volatility in shorter-term interest rates rose despite consistency from the US Federal Reserve Board in backing up its

guidance to the need for additional tightening with two 25bps hikes and the promise of more.

Continued resilience in core inflation has proven the sticking point for policymakers – while falling energy and other commodity prices in recent months have taken the edge off headline inflation, buoyant labour markets and elevated services inflation have kept central banks hawkish.

This is particularly true in the eurozone, where the European Central Bank has arguably lagged its peers in raising rates; two additional 50bps hikes in the quarter took the main policy rate to 3.5% in an effort to get ahead of unsettled inflation expectations. Conversely, the UK has turned more circumspect, reducing the pace of rate tightening to 25bps increments and is probably the closest to concluding its tightening cycle of the primary developed market central banks. In Japan, a leadership change at the BoJ (Bank of Japan) has the potential to mark a meaningful shift in policymaking. The BoJ has thus far been an outlier among peers by not tightening monetary conditions. Given the significance of Japanese savers within several key global fixed income markets (including the sovereign debt of the US, France and the Netherlands), significant domestic policy adjustments could have ramifications elsewhere.

Global spread markets were impacted by stress in the banking sector, as a flight of deposits culminated in the failure of Silicon Valley Bank (SVB), prompting fears of a systemic crisis. However, the subsequent strain seen across many other regional US banks contrasted markedly with the banking crisis that preceded the Global Financial Crisis in 2008/09, which was characterised by poor asset quality and the uncertainty around who was exposed to credit losses.

Indeed, despite lingering fears of contagion, there is a growing consensus that the collapse of SVB and forced take-over of Credit Suisse by UBS (the two most prominent events) are outliers, rather than representative of systemic fractures within the US and European banking sectors. In this light, the re-pricing of financials across both markets appears excessive, and presents an opportunity to accumulate exposure to high-quality issuers that have been maligned because of turmoil within the broader sector. Consequently, we have added both subordinated and senior bank debt, in both G-SIPs (Global Systemically Important Banks) and regional leaders.

FINANCIALS' CREDIT SPREADS SPIKED IN MARCH



Source: Bloomberg; ICE BofAML

Outlook

We remain disciplined in our approach, conducting deep fundamental bottom-up research across the capital structure, and responding to opportunities as and when they arise. In the fixed income space, the stress in the banking sector has created opportunities as credit spreads have widened further. In equity markets, despite aggregate market levels not looking particularly attractive, we are still finding certain stocks that offer attractive returns for investors with a long-term time horizon.

Thank you for your support and interest in the Fund.

Portfolio manager
Neil Padoa
as at 31 March 2023

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.