

## LONG TERM OBJECTIVE

The Coronation Global Capital Plus Strategy provides investors with access to the best investment ideas from around the world, with the aim of maximising long-term capital growth while minimising capital risk. It blends individual asset selection to reflect Coronation's view across asset classes, regions and currencies. Risk diversification is through direct and indirect exposure to equity securities, deposits, listed private equity funds, fixed income and debt-related instruments and commodities. The Strategy is broadly diversified across countries, including the developed economies of the US, Europe and Japan as well as emerging markets. The Strategy's objective is to outperform the benchmark over a 3 – 5 year period.

## INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. 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 cleanslate 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)	154.3%	14.1%	140.2%
Since Inception p.a.	6.3%	0.9%	5.4%
Latest 15 years p.a.	6.4%	0.5%	5.9%
Latest 10 years p.a.	3.9%	0.4%	3.5%
Latest 5 years p.a.	6.0%	2.0%	4.0%
Latest 3 years p.a.	3.4%	2.3%	1.1%
Latest 1 year	10.7%	5.1%	5.6%
Year to date	10.7%	5.1%	5.6%
Month	2.3%	0.4%	1.9%

## ASSET ALLOCATION

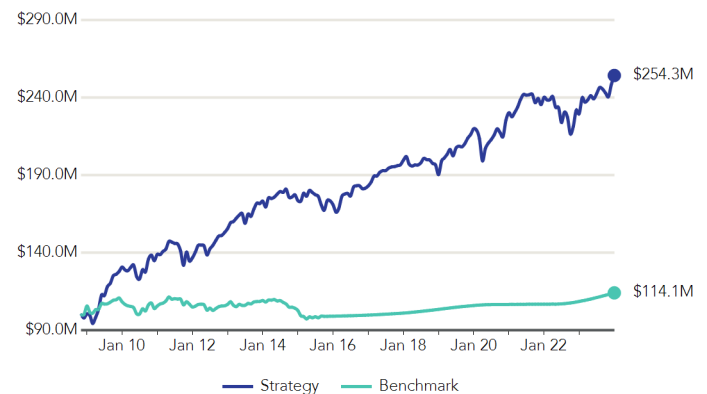
Asset Type	% Strategy
Bonds	64.3%
Equities	25.1%
Cash	8.5%
Property	2.1%

## GENERAL INFORMATION

Inception Date	01 November 2008
Strategy Size *	\$644.3 million
Strategy Status	Open
Mandate Benchmark	Secured Overnight Financing Rate (SOFRINDEX Index)
Performance Target	Secured Overnight Financing Rate (SOFRINDEX Index) + 1.5%
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: Secured Overnight Financing Rate (SOFRINDEX Index) from 01 December 2021. Previously ICE LIBOR USD 3 Month (US0003M Index).

## TOP 10 HOLDINGS

Holding	% Strategy
CORO GBL STRATEGIC INCOME-Z (IRL)	14.7%
US T-BILL 5.215% 300424 (USA)	4.5%
US T-BILL 5.163% 310724 (USA)	4.5%
US T-BILL 4.849% 310125 (USA)	2.5%
US T-BILL 5.266% 311024 (USA)	2.5%
US T-BILL 5.459% 300425 (USA)	2.5%
US T-BILL 0.000% 290224 (USA)	2.0%
US T-BILL 0.000% 250424 (USA)	2.0%
US TIPS 0.625% 150243 (USA)	2.0%
US TIPS 0.125% 151024 (USA)	1.8%

## GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	65.0%
Europe	24.4%
CEEMEA	9.7%
LATAM	0.3%
Japan	(0.4)%
Asia	(0.5)%
Other	1.5%

## CURRENCY EXPOSURE

Currency	% Strategy
USD	85.4%
GBP	11.6%
EUR	4.0%
CNY	(1.8)%
Other	0.8%

## PORTFOLIO MANAGER



Neil Padoa - BEconSc, FFA, CFA

Neil is a portfolio manager and head of Global Developed Markets. He joined Coronation in May 2012 and has 15 years' investment experience.

## 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/>.

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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

In a welcome reversal to a torrid 2022, the past year offered healthy returns for most asset classes, with global equities leading the charge. A very strong fourth quarter rounded off an excellent year for equities, with the MSCI All Country World Index gaining 11% over the three-month period and returning 22% for the full year. The Bloomberg Barclays Global Aggregate Bond Index also rallied, returning 5.7% for the year. Against this favourable backdrop, we were pleased with the Strategy's returns in absolute and relative terms, gaining 10.7% for the full year (5.6% outperformance of the benchmark) and 4.6% in the fourth quarter (3.3% outperformance).

Looking at these headline returns suggests that 2023 was an easy year to navigate, but this could not be further from the truth. The year started amidst significant concern regarding the level and trajectory of global inflation and interest rates ("higher for longer"), with many market participants referring to the start of a new equity regime and calling for a complete shift away from so-called growth stocks into traditional value sectors trading on low multiples (but at the expense of lower or no growth, or earnings cyclicality). But the complete opposite happened, with market returns driven by large-cap US technology and software growth stocks, as evidenced by the Nasdaq Composite Index's 45% advance. US market returns also narrowed significantly with outsized gains from the Magnificent Seven (consisting of Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla), which returned (simple) average gains of over 100% for the year!

A mix of factors drove this outcome. Inflation started to moderate and then subside around the globe, with key policy rates in many markets now expected to decrease after what has been an extremely sharp tightening cycle. This led to a Goldilocks-type scenario, especially in the US, with growth holding up better than expected ("soft landing") alongside declining inflation, a dovish pivot from the US Federal Reserve Board and meaningful declines in market interest rates. The calendar year 2023 also saw Generative AI burst into the spotlight with the launch of ChatGPT, which created a lot of hype (40% of S&P 500 Index companies mentioning AI in their second-quarter earnings call) and contributed strongly to returns for the Magnificent Seven and many other software names.

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

- 15% in short-dated US T-bills
- 36% in investment-grade fixed income instruments
- 11% in inflation-linked assets (primarily US Treasury index-linked bonds)
- 10% in high yield fixed income
- 6% in real assets (listed infrastructure and property)
- 21% effective equity

The remaining 1% was invested in various other assets.

The Strategy's fixed income positioning is diversified by issuer, type of instrument (including both government, corporate and inflation-linked bonds) and duration, although aggregate positioning is conservative with a relatively short duration. We feel this is appropriate following the strong rally in both risk-free yields and credit spreads in the fourth quarter.

We added to both property and infrastructure holdings over the year (with exposure increasing from c.3.5% at the start of the year to 6% by the end) and were pleased with >20% contributions from each of these asset classes in aggregate.

In terms of equities, both Doordash and Uber were strong contributors to returns last year, with the shares up 102% and 147%, respectively. We discussed both companies in our Q3-23 commentary, having built positions in both at very attractive levels after a bruising 2022 sell-off in which longer-duration names were indiscriminately sold off. Doordash is the leading on-demand delivery platform in the United States with a portfolio of fast-growing international markets, while Uber comprises both its ride-hailing division, in which it is the clear global market leader, as well as its earlier stage on-demand delivery business. As discussed last quarter, both businesses continue to perform strongly on the back of superb execution with sustained revenue growth alongside impressive margin gains. Both generate positive and growing free cash flow and boast fortress balance sheets. We continue to hold both names but have reduced position sizing after an extremely strong year in which both stocks moved closer to our estimate of fair value. We continue to see a favourable growth outlook and significant potential for ongoing margin improvements due to internal cost efficiencies, new revenue streams (including advertising) and more rational end markets.

Expedia (+73%) is an online travel agency (OTA) with a comprehensive offering, including flights, hotels, alternative accommodation, and car rentals. The structural growth characteristics of the industry are well understood; leisure travel demand is resilient and growing, and bookings continue to shift online. But Expedia has suffered from idiosyncratic issues historically, allowing its brands to compete with one another for web traffic, having multiple tech stacks leading to duplicate costs, and the lack of a clear loyalty programme. This led to revenue growth and margins below that of its larger European-focused peer, Booking.com.

Our work indicated that these issues have now been resolved, with the company de-emphasising certain smaller long-tail brands, migrating to a new uniform tech stack, and launching its One Key loyalty programme. Revenue growth has started to accelerate

towards management's double-digit target, and margins have expanded to 21-22% on an adjusted EBITDA basis, well above pre-Covid levels in the high teens but still far below Booking.com's margins in the mid-thirties. We believe that Expedia has turned the corner. While this has been partly recognised by the market with the share up strongly in 2023, Expedia still trades on a very attractive free cash flow yield of 10%, with its shareholder-friendly management team applying most of this towards share repurchases.

Interactive Brokers lagged the strong fourth-quarter market rally and thus detracted slightly from returns. Interactive Brokers (IB) is a US-listed multinational online broker, offering its professional and non-professional clients a platform to trade various asset classes, including stocks, bonds, and derivatives. IB's moat is its highly automated, low-cost structure enabling it to offer the lowest prices while earning a highly attractive EBIT margin of around 60%. This has proved popular with clients, as evidenced by historic account growth of around 20% per year. IB generates around 40% of its revenue from interest earned on client cash, and this contributed to its underperformance, with the market questioning this earnings base in a declining interest rate environment. In our view, the market has been overly focused on this data point; we believe that IB can conservatively grow both revenue and earnings in the low double digits, which is attractive considering its starting valuation of only 14 times earnings, excellent management team and strong balance sheet.

Equity exposure has reduced over the year given a wider opportunity set across asset classes, a strong market rally and less (though still attractive) upside in the specific stocks we hold.

Market performance in 2023 was US-led and narrow, with the Magnificent Seven reaching 30% of the S&P 500 Index market capitalisation. Geopolitical risk is pronounced. We thus expect 2024 to be another eventful year. As always, we can't predict the direction of markets or interest rates in the near term and aim to focus on what we can control, which is finding and researching good investment ideas across the capital structure.

Thank you for your support and interest in the Strategy.