CORONATION

GLOBAL BOND STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 JUNE 2025

CORONATION TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Global Bond Strategy is a fixed income strategy that invests in a globally diversified portfolio of fixed income and money market instruments of varying maturities. The Strategy aims to maximise total return in a manner which is consistent with the preservation of capital and prudent investment management.

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their fair value through extensive proprietary research. The fixed income portfolios are positioned on a long term strategic market view, but this is balanced by taking advantage of shorter-term tactical opportunities when the market lags or runs ahead of that strategic view. As active managers, we consider investment decisions across the full spectrum of potential return enhancers. These include duration and yield curve positions, inflation-linked assets as well as yield enhancement through credit enhanced assets. We aim to maximise returns by actively combining both a top-down and a bottom-up approach to portfolio construction.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	58.2%	15.9%	42.3%
Since Inception p.a.	3.0%	0.9%	2.1%
Latest 15 years p.a.	3.2%	1.2%	2.0%
Latest 10 years p.a.	2.9%	1.3%	1.6%
Latest 5 years p.a.	2.5%	(1.2)%	3.7%
Latest 3 years p.a.	6.4%	2.7%	3.7%
Latest 1 year	11.3%	8.9%	2.4%
Year to date	9.7%	7.3%	2.4%
Month	2.1%	1.9%	0.2%

CURRENCY EXPOSURE

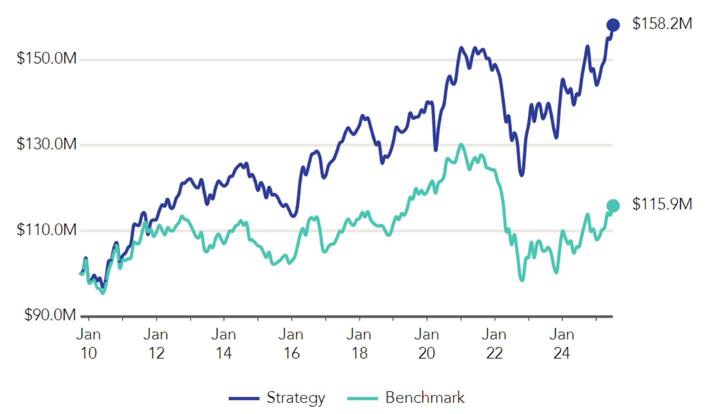
Currency	% Strategy
USD	38.4%
EUR	24.6%
JPY	13.7%
CNY	5.7%
KRW	2.7%
IDR	2.7%
BRL	2.4%
AUD	2.4%
ZAR	2.0%
CLP	1.6%
CAD	1.2%
GBP	1.1%
Other	1.5%

GENERAL INFORMATION

Inception Date	01 October 2009
Strategy Size *	$32.0 million
Strategy Status	Open
Mandate Benchmark	Bloomberg Barclays Global Aggregate Bond TR Unhedged USD (LEGATRUU Index)
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: Bloomberg Barclays Global Aggregate Bond TR Unhedged USD (LEGATRUU Index)

ASSET ALLOCATION

Asset Type	% Strategy
Fixed Rate Government Bonds	53.9%
Fixed Rate Corporate Bonds	24.5%
Government ILBs	16.0%
Cash	3.5%
Other	1.5%
Floating Rate Corporate Bonds	0.6%

EFFECTIVE MATURITY PROFILE

Term	% Strategy
0 to 1 year	6.7%
1 to 3 years	13.4%
3 to 7 years	41.2%
7 to 12 years	27.8%
Over 12 years	11.0%

STRATEGY STATISTICS

Modified Duration (incl. inflation-linked bonds)	(18.9)
Modified Duration (excl. inflation-linked bonds)	(19.9)

PORTFOLIO MANAGERS

Nishan Maharaj - BSc (Hons), MBA

Nishan is Head of Fixed Interest at Coronation and a portfolio manager across all fixed interest strategies. He joined Coronation in 2012 has 21 years' investment experience.

Seamus Vasey - BCom (Hons), MSc, CFA

Seamus is a portfolio manager and analyst within the Fixed Interest investment unit with more than 20 years' investment experience. He manages assets within Coronation's specialist bond strategies. He also co-manages the Coronation Global Bond and Granite Hedge funds as well as the Global Strategic USD and Bond unit trust funds.

Steve Janson - BBusSc

Steve is a portfolio manager and analyst within the Fixed Interest investment unit, with 17 years' investment experience. Steve's current responsibilities include fixed income and property research responsibilities as well as co-managing the Coronation Active Bond Strategy and Coronation Bond unit trust fund.

REGULATORY DISCLOSURE AND DISCLAIMER

REVIEW FOR THE QUARTER

The second quarter of 2025 (Q2) may well prove a crossed line in the sand whereby the US became a lasting source of global financial market instability, rather than the customary refuge from such flare-ups. But it's far too early to tell; history will be the judge of that. The increased regularity with which the current US administration curtails initial policy forays has become a notable feature of its own. This is helpful, in that the sway of financial markets is not lost on these policymakers, but it still remains problematic as a modality for introducing changes. The erratic and experimental nature of such interventions is creating a requirement for previously unrequired risk premia across wide swathes of assets with sensitivity to US economic activity and regulation.

The US Federal Reserve (the Fed) 's job became especially complicated during April. The retaliatory tariffs announced on "Liberation Day" ushered in a new form of engagement between the US and its external trading partners. Even as most of the initial tariff levels imposed were reduced or postponed by mid-April, it was the erratic nature of these policy injunctions that complicated monetary policy. The Fed wisely adopted a precautionary stance. The net result was the Federal Open Market Committee (FOMC) on hold, with the policy rate unchanged at 4.25-4.50%. Economic data varied over Q2, although the labour market in particular held up well. Inflation remained well behaved, although still at slightly higher than comfortable levels for the Fed (with core Personal Consumption Expenditures 2.7% y/y in May). Surveyed inflation expectations rose substantially as consumers feared the impact of tariffs. Pass-through pricing evidence remained patchy during the quarter, with it being too early to see the aggregate effects of tariffs. FOMC members continued to signal two additional rate cuts were likely over the remainder of 2025.

The front end of the US yield curve remained anchored, although yields were periodically dragged even lower as additional rate cuts over the next two years were accumulated by the market. Longer maturity yields in the US increasingly came under the sway of rising fiscal concerns. Policy signals provided by the new administration leaned heavily towards sustained higher government deficits on a multi-year basis. Spending cut efforts – like that of the short-lived DOGE (Department of Government Efficiency) – were quickly viewed as smoke screens by the market and not serious attempts at fiscal curtailment. These concerns were further deepened as information surrounding the extremely substantial spending and tax bill ("One Big Beautiful Bill") dribbled into the light over the quarter. The result has been a bear steepening of the US Treasury curve, alongside the loss of the last triple-A credit rating held by the US from one of the major rating agencies.

Global bond markets were influenced by developments in the US, but the extent of this was diluted. The German yield curve saw modest bull pivoting over the quarter, as very long-dated yields remained pregnant with an elevated fiscal/borrowing risk premium and were unchanged for the quarter. In contrast, shorter-dated euro interest rates declined, reflecting the 25 basis points (bps) cut in the European Central Bank (ECB) 's refi rate from 2.65% to 2.4% and expectations for additional cuts in the ensuing months. In the UK, a similar dynamic unfolded: the sterling yield curve reflected ongoing concerns around the potential lack of fiscal temperance in the long end; the 30-year bond yield ended at 5.16%, exactly where it started Q2. And short-end yields declined, reflecting the cut in the Bank of England (BoE) base rate from 4.5% to 4.25% in May and expectations for further meaningful easing in the quarters ahead. As is mostly the case, the Japanese bond market danced to its own tune, with the yield curve pivoting around the 10-year point as shorter-dated yields moved fractionally lower on the quarter and very long-dated bonds sold off considerably. Political pressures surrounding tax cuts, stimulus measures, and currency undercurrents influencing repatriation flows, as well as uncertainty around the Bank of Japan (BoJ) 's influence on supply/demand dynamics in the ultra-long-dated funding market, saw meaningful bond market volatility and unusually wide trading ranges for Japanese government bonds (JGBs) over the quarter. The BoJ chose discretion as the better part of valour over Q2 and kept the effective policy rate on hold at 0.5%, adding another extended pause to an already prolonged normalisation cycle.

A fair degree of variation was visible across global inflation-linked markets in Q2, although it was a positive quarter overall. The US was the outlier with a very sub-standard total return of 0.5% for Q2. Short-dated US real yields corrected sharply higher as excessive monetary easing was priced out, while longer-dated real yields adjusted higher, reflecting the same fiscal risk premium concerns shared with their nominal counterparts. The best-performing Developed Market (DM) linker market over the quarter was Italy (+12.2%) – real yields here compressed across most of the curve, bar the very short end.

A reasonable aggregate outcome for Emerging Market (EM) hard currency bonds was notched up in Q2: +3.3% in total returns. But this papers over an especially tumultuous month in April, as the aggregate market spread widened from c. 330bps towards the end of March to a daily close peak of just under 400bps all in the wake of "Liberation Day". In this sense, it was a particularly opportunity-rich quarter for the asset class, albeit an opportunity that hinged entirely on the policymaking impulses of an individual. So, arguably, this was not a high-quality risk-taking environment. The very weakest sovereign credits performed the best (C-rated countries returned +8.9%), with an outlandish performance from Ecuador (+48%). This sovereign has been under pressure for some time and experienced a near-complete collapse of confidence with the imposition of a state of emergency in the run-up to the second round of national elections. The re-election of the incumbent and positive overtures made towards the IMF helped euro-bond pricing rebound from gutter levels.

The local currency EM sovereign debt asset class saw a lovely bounce in Q2 (+7.6% from +4.3% in Q1). The index yield at quarter end was 6.01%, down slightly from 6.3% at the end of March and 6.39% at the start of the year. Here, broad-based currency gains really came to the fore, as the US dollar suffered against practically all other counters (except for those of India and Turkey) following "Liberation Day" and the meteoric rise of widespread doubts surrounding "US exceptionalism". Overall, there were six (out of 19) of the primary local EM sovereign debt countries that notched up double-digit returns in Q2. An impressive run, and more so, as this market showed unusual resilience in the face of the unleashed trade war and ensuing volatility. Only three sovereigns had negative capital returns in local terms: the Dominican Republic, Serbia, and Romania.

Global spread products generally followed the same pattern over Q2: an initial cascade of sharp weakness during the first two weeks of April, followed by a recovery for the remainder of the quarter. Indeed, most credit markets actually ended up modestly tighter in spread terms by the end of June relative to the end of March. US Investment Grade corporates returned +1.1% in excess returns over Q2 – the strongest quarter in six – and +1.8% in total returns. The US High Yield market had a strong period, returning +3.6% overall and +2.2% with interest rate risk hedged. European Investment Grade provided +1.7% total return (TR) and +0.5% excess return (ER), while European High Yield managed +2.1% TR and +1.1% ER. From a historical perspective, many credit markets once again see their spreads around the levels reached in the post-Covid extremes of monetary stimulus, although not quite at the lows seen in the first couple of months of this year.

It's unusual to repeat a dominant and overarching FX theme–the weakness of the US dollar across the board from one quarter to the next, but Q2 managed it. No G10 currencies lost ground against the greenback over this period. Indeed, stand-out performances were seen in the Swiss franc (+11.5%) and euro (+9.0%). Emerging market currencies were not as lopsided, although those that lost ground against the US dollar were truly the exceptions that proved the rule (the Argentine peso and Turkish lira, in particular). The best-performing exchange rate here was the Taiwanese dollar (+12.2%), through a combination of a relatively suppressed base, good macroeconomic data, a rebound in technology counters (especially semiconductors), and optimism about a favourable, potential US-Taiwan trade deal.

The Strategy had been conservatively positioned at the start of Q2. A fortunate vantage to accumulate additional credit risk into the "Liberation Day" sell-off. This was simultaneously executed with the addition of interest rate risk across numerous geographies, including the US. With the short-lived collapse in global fixed income risk assets – only a matter of weeks – the window to amass additional risk to fully capitalise on the sharp turnaround was unusually slim. Nevertheless, the Strategy did move nimbly and succeeded in taking advantage of favourable entry levels. A notable additional move in the Strategy was to start accumulating Japanese interest rate exposure, for the first time in many years. While fiscal, political, currency and supply/demand risks remain palpable for Japanese government bonds (JGBs), valuations are finally starting to meet these concerns and provide much more defensible compensation. It may well be a longer journey to finally reach the point where JGBs are a truly competitive sovereign risk proposition, but we are a lot further down the road in 2025 than at any time since the Global Financial Crisis.