

## 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](http://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

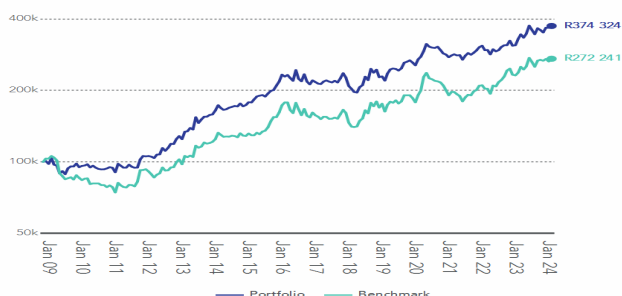
CLASS A as at 31 January 2024

|                            |                                   |
|----------------------------|-----------------------------------|
| <b>ASISA Fund Category</b> | Global - Multi Asset - Low Equity |
| <b>Launch date</b>         | 01 November 2008                  |
| <b>Fund size</b>           | R 3.88 billion                    |
| <b>NAV</b>                 | 388.53 cents                      |
| <b>Benchmark</b>           | SOFR + 1.5%                       |
| <b>Portfolio manager/s</b> | Neil Padoa                        |

|                     |                              |        |       |
|---------------------|------------------------------|--------|-------|
| 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      | 0.05%  | 0.05% |
|                     | 1.43%                        | 1.45%  |       |

## PERFORMANCE AND RISK STATISTICS

### GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



### PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (ZAR)

|                              | Fund   | Benchmark |
|------------------------------|--------|-----------|
| Since Launch (unannualised)  | 274.3% | 172.2%    |
| Since Launch (annualised)    | 9.0%   | 6.8%      |
| Latest 15 years (annualised) | 8.9%   | 6.5%      |
| Latest 10 years (annualised) | 8.0%   | 7.5%      |
| Latest 5 years (annualised)  | 11.2%  | 10.8%     |
| Latest 3 years (annualised)  | 10.0%  | 11.3%     |
| Latest 1 year                | 13.3%  | 14.4%     |
| Year to date                 | 1.8%   | 2.7%      |

### PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) (USD)

|                              | Fund   | Benchmark |
|------------------------------|--------|-----------|
| Since Launch (unannualised)  | 95.9%  | 43.7%     |
| Since Launch (annualised)    | 4.5%   | 2.4%      |
| Latest 15 years (annualised) | 4.6%   | 2.3%      |
| Latest 10 years (annualised) | 2.7%   | 2.1%      |
| Latest 5 years (annualised)  | 3.9%   | 3.5%      |
| Latest 3 years (annualised)  | 2.4%   | 3.9%      |
| Latest 1 year (annualised)   | 5.8%   | 6.7%      |
| Year to date                 | 0.6%   | 0.6%      |
| 2023                         | 9.0%   | 6.6%      |
| 2022                         | (5.5)% | 3.2%      |

### RISK STATISTICS SINCE LAUNCH

|                       | Fund        | Benchmark           |
|-----------------------|-------------|---------------------|
| Annualised Deviation  | 12.7%       | 14.3%               |
| Sharpe Ratio          | 0.29        | N/A                 |
| Maximum Gain          | 23.7%       | N/A                 |
| Maximum Drawdown      | (19.6)%     | N/A                 |
| Positive Months       | 57.9%       | N/A                 |
|                       | <b>Fund</b> | <b>Date Range</b>   |
| 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 2024 | 1.8%   |      |        |      |        |        |        |      |        |        |        |        | 1.8%  |
| Fund 2023 | 6.5%   | 4.4% | (3.1)% | 4.0% | 8.0%   | (4.1)% | (4.1)% | 5.9% | (1.7)% | (2.4)% | 4.7%   | (0.1)% | 18.5% |
| 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%  |

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

| Sector                   | 31 Jan 2024  |
|--------------------------|--------------|
| <b>Equities</b>          | <b>21.4%</b> |
| <b>Infrastructure</b>    | <b>3.7%</b>  |
| <b>Property</b>          | <b>2.0%</b>  |
| <b>Convertible Bonds</b> | <b>2.4%</b>  |
| <b>High Yield Bonds</b>  | <b>6.5%</b>  |
| <b>Gold</b>              | <b>0.0%</b>  |
| <b>Merger Arbitrage</b>  | <b>0.0%</b>  |
| <b>Fixed Income</b>      | <b>63.2%</b> |
| T-Bills                  | 18.8%        |
| Inflation-linked bonds   | 9.8%         |
| Investment Grade         | 34.6%        |
| <b>Cash</b>              | <b>0.8%</b>  |

### TOP 10 HOLDINGS

| As at 31 Dec 2023                           | % of Fund |
|---|-----------|
| Canadian Pacific Railway Ltd                | 1.0 %     |
| Heineken Holdings Nv                        | 1.0 %     |
| Canadian National Railway Co                | 0.8 %     |
| Airbus Group Se                             | 0.8 %     |
| Cellnex Telecom Sa                          | 0.8 %     |
| Amazon Com Inc                              | 0.8 %     |
| National Grid Plc Common Stock Gbp 12.43129 | 0.8 %     |
| Eiffage                                     | 0.8 %     |
| Interactive Brokers Group                   | 0.8 %     |
| Vinci Sa                                    | 0.7 %     |

### CURRENCY ALLOCATION

| Currency as at 31 Jan 2024 | % of Fund |
|----------------------------|-----------|
| Other                      | 100.0%    |

### INCOME DISTRIBUTIONS

| Declaration | Payment     | Amount | Dividend | Interest |
|-------------|-------------|--------|----------|----------|
| 29 Sep 2023 | 02 Oct 2023 | 0.00   | 0.00     | 0.00     |
| 30 Mar 2023 | 03 Apr 2023 | 0.00   | 0.00     | 0.00     |

***Our full range of rand-denominated offshore funds is temporarily closed to new investments via the South African Unit Trust product. Read more [here](#).***

***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.***

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 6% for the year. Against this favourable backdrop, we were pleased with the Fund's returns in absolute and relative terms, gaining 9.3% for the full year (2.8% outperformance of the benchmark) and 4.3% in the fourth quarter (2.6% 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 Fund'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 Fund.

#### Portfolio manager

Neil Padoa

as at 31 December 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 Asset Management (Pty) Ltd (FSP 548), 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](http://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](http://www.coronation.com)

### IMPORTANT INFORMATION REGARDING TERMS OF USE

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