CORONATION

# GLOBAL CAPITAL PLUS STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 MARCH 2024

CORONATION TRUST IS EARNED™

## 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) | 162.0% | 15.7% | 146.3% |
| Since Inception p.a. | 6.4% | 0.9% | 5.5% |
| Latest 15 years p.a. | 6.7% | 0.8% | 5.9% |
| Latest 10 years p.a. | 4.1% | 0.6% | 3.5% |
| Latest 5 years p.a. | 5.2% | 2.1% | 3.1% |
| Latest 3 years p.a. | 3.9% | 2.7% | 1.2% |
| Latest 1 year | 9.8% | 5.4% | 4.4% |
| Year to date | 3.0% | 1.3% | 1.7% |
| Month | 1.3% | 0.4% | 0.9% |

## ASSET ALLOCATION

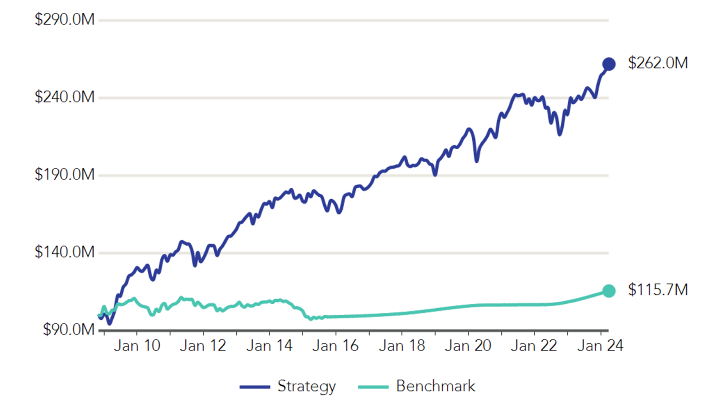
| Asset Type | % Strategy |
|---|---|
| Bonds | 59.8% |
| Equities | 25.0% |
| Cash | 12.6% |
| Property | 2.6% |

## GENERAL INFORMATION

| | |
|---|---|
| Inception Date | 01 November 2008 |
| Strategy Size * | $644.4 million |
| Strategy Status | Open |
| Mandate Benchmark | Secured Overnight Financing Rate (SOFRINDX Index) |
| Performance Target | Secured Overnight Financing Rate (SOFRINDX 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 (SOFRINDX Index) from 01 December 2021. Previously ICE LIBOR USD 3 Month (US0003M Index).

## TOP 10 HOLDINGS

| Holding | % Strategy |
|---|---|
| CORO GBL STRATEGIC INCOME-Z (IRL) | 15.0% |
| US T-BILL 5.215% 300424 (USA) | 4.4% |
| US T-BILL 5.163% 310724 (USA) | 4.2% |
| US T-BILL 5.521% 311025 (USA) | 3.5% |
| US T-BILL 5.266% 311024 (USA) | 3.4% |
| US T-BILL 4.849% 310125 (USA) | 2.5% |
| US T-BILL 5.459% 300425 (USA) | 2.5% |
| US T-BILL 0.000% 250424 (USA) | 2.0% |
| US TIPS 0.125% 150427 (USA) | 1.7% |
| US TIPS 0.125% 150132 (USA) | 1.6% |

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## GEOGRAPHIC EXPOSURE

| Region | % Strategy |
|---|---|
| North America | 59.6% |
| Europe | 25.9% |
| CEEMEA | 11.8% |
| Asia | 1.1% |
| LATAM | 0.4% |
| Japan | (0.4)% |
| Other | 1.6% |

## CURRENCY EXPOSURE

| Currency | % Strategy |
|---|---|
| USD | 85.8% |
| GBP | 11.5% |
| EUR | 3.4% |
| CNY | (1.4)% |
| Other | 0.7% |

## 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 16 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 the first quarter of 2024, equities continued their upward march, advancing 8%, despite a reversal in bond yields, which pushed the global bond index (Bloomberg Barclays Global Aggregate Bond Index) down by 2%. The Strategy returned 3.0% for the quarter, well ahead of the benchmark's 1.3%.

Strategy returns were driven by an appreciation by the equity holdings, which nearly kept pace with market indices despite being meaningfully underweight the largest capitalisation stocks, and strong relative performance of the fixed income holdings, which increased in value by 1.5% despite a 2% drawdown in the global bond index (as mentioned before). Strong security selection and conservative positioning on the curve, where we have concentrated our fixed income holdings in short-dated maturities, have contributed to a substantial c.6% outperformance over the last year. We think the fixed income portion of the Strategy continues to be well positioned, with a short duration of 1.5 years and a yield to maturity (YTM) just below 6%. This compares to the 3.8% YTM on the global bond index.

On the equity side, we think the opportunity to add value from differentiated stock picking remains elevated. The market's appreciation and inflated trading multiple (relative to history) obscures opportunities at the single stock level, which our analysts believe to be compelling.

One such example is the online broker Interactive Brokers (IB), which turned from a detractor in the previous quarter to a significant contributor. Compared to the multi-trillion-dollar market capitalisations of the mega-cap stocks, which have been driving overall index returns, IB is a relative minnow, with a $48bn market cap and an even smaller free float of only $12bn. The company released strong annual results in January, showing good growth in client accounts (23% growth) and the benefit of higher interest rates boosting net earnings by 42%. Its monthly releases showed that this strong growth has continued post year-end, with accounts up another 25% on the previous year and client balances and trading activity up significantly. The market has (correctly, in our view) shifted focus from the headwind of lower future interest rates to the strong growth in underlying earnings power this implies. IB's moat is its highly automated, low-cost platform, allowing it to offer the lowest prices while earning a pre-tax margin of over 70%. IB's offering to clients cannot be matched by any of its peers, and we believe this will allow the business to keep growing its underlying earnings power in double digits for a number of years. This is not fully reflected in the current market price, in our view.

TransUnion is a high-quality business, though not a household name, which contributed positively to returns in the first quarter. TransUnion is one of the three major US credit bureaus, with a broader information services business anchored in its core competency of identity resolution. The stock suffered a precipitous decline in the latter half of 2023, as a spike in bond yields led to a rapid deceleration in credit activity. We believed the setback to be cyclical rather than indicative of any fundamental impairment of the quality of the business. In our view, the market had overlooked the very strong performance from rapidly growing markets like India, where TransUnion holds a leading position; the opportunity for growth in non-credit related verticals, such as insurance underwriting, marketing and fraud protection; and the ability to expand margins, thanks to a newly announced efficiency programme and ongoing synergy realisation from recent acquisitions. We used the opportunity to buy shares at a discount late in Q4. As the stock has recovered by more than 80% from its October lows and now more closely reflects our assessment of fair value, we have subsequently exited the position.

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

- 17% in short-dated US T-bills
- 36% in investment-grade fixed income instruments
- 7% in inflation-linked assets (primarily US Treasury index-linked bonds)
- 9% in high yield fixed income
- 6% in real assets (listed infrastructure and property)
- 21% effective equity

The remaining 4% was invested in various other assets.

As stated in last quarter's commentary, we would not be surprised if 2024 turns out to be another eventful year. As always, we cannot predict the direction of markets or interest rates in the near term, and so we aim to focus on what we can control, which is finding and researching good investment ideas across the capital structure. On that note, our team continues to find attractive opportunities below the index surface level in areas of the market that remain discounted. We believe it is a productive environment for investors with a long-term time horizon, and we remain excited about the Strategy that we are invested in.

Thank you for your support and interest in the Strategy.