CORONATION GLOBAL STRATEGIC USD INCOME FUND

Fund Information as at 31 January 2021

CORONATION

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WHAT IS THE FUND'S OBJECTIVE?

The fund aims to achieve a higher return than a US dollar term bank deposit. It is mainly focused on delivering short-term income.

WHAT DOES THE FUND INVEST IN?

The fund invests between 75% and 100% of its assets in a wide variety of fixed income assets. This may include bonds, money market instruments and other debt securities issued by international governments, banks and other companies or institutions.

Up to 25% of the fund may be invested in listed property, preference shares and other forms of hybrid debt or equity instruments.

While the fund may invest in instruments in any currency, its effective exposure to the US dollar will at least be 75% at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

The average duration in the fund will typically not exceed three years.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

The fund is tactically managed to secure an attractive income, while protecting capital.

Its investments are carefully researched by a large and experienced investment team and subjected to a strict risk management process. The fund is actively positioned to balance long-term strategic positions with shorter-term tactical opportunities to achieve the best possible income.

While the fund is managed in a conservative and defensive manner, it is not guaranteed to always outperform cash over short periods of time, and may suffer capital losses primarily as a result of interest rate movements or negative credit events.

Capital growth, if any, will generally come from capital market changes such as falling interest rates or movements in foreign currencies.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is 12-months and longer. Given its limited exposure to growth assets, the fund is not suited for long investment terms.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Conservative investors who are looking for an intelligent alternative to US Dollar bank deposits.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.80% is payable.

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?

STEPHEN PEIRCE
BA (Economics), MA (Finance), UKSIP

NISHAN MAHARAJ
BSc (Hons), MBA

SEAMUS VASEY
BCom (Hons), MSc

GENERAL FUND INFORMATION

Fund Launch Date	30 December 2011
Class	A
Class Type	Accumulation
Fund Domicile	Ireland
Morningstar Fund Category	Global Bond – USD Hedged
Currency	US Dollar
Benchmark	110% of USD 3-month LIBOR
Investment Minimum	US$15 000
Bloomberg	CORGSUA
ISIN	IE00B4TFHM43
SEDOL	B4TFHM4

CORONATION GLOBAL STRATEGIC USD INCOME FUND

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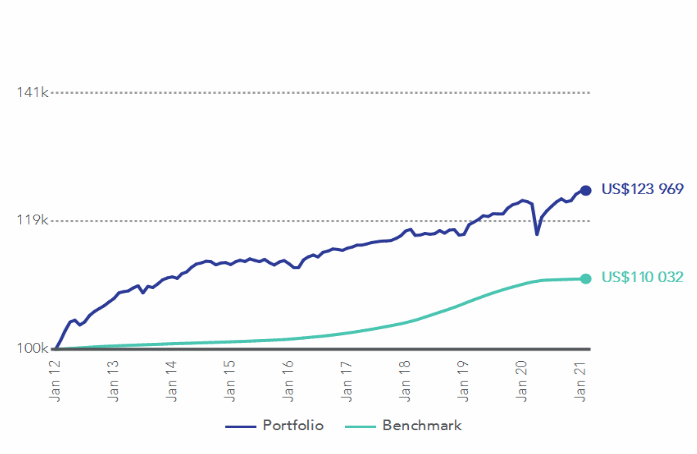
CLASS A as at 31 January 2021

Launch date	30 December 2011
Fund size	US$ 495.54 million
NAV	1239.63 cents
Benchmark/Performance Fee Hurdle	110% of USD 3-month LIBOR
Portfolio manager/s	Stephen Peirce, Nishan Maharaj & Seamus Vasey

	1 Year	3 Year
Total Expense Ratio	0.87%	0.87%
Fund management fee	0.80%	0.80%
Fund expenses	0.07%	0.07%
VAT	0.00%	0.00%
Transaction costs (inc. VAT)	0.02%	0.02%
Total Investment Charge	0.89%	0.89%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A $100,000 INVESTMENT (AFTER FEES)



PERFORMANCE (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	24.0%	10.0%	13.9%
Since Launch (annualised)	2.4%	1.1%	1.3%
Latest 5 years (annualised)	2.1%	1.6%	0.5%
Latest 3 years (annualised)	1.8%	1.9%	(0.2)%
Latest 1 year	1.5%	0.6%	0.9%
Year to date	0.1%	0.0%	0.1%

	Fund
Modified Duration	0.6
Yield	1.6%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	2.2%	0.3%
Sharpe Ratio	0.81	1.52
Maximum Gain	5.4%	10.0%
Maximum Drawdown	(4.5)%	N/A
Positive Months	74.3%	100.0%

	Fund	Date Range
Highest annual return	7.1%	Jan 2012 - Dec 2012
Lowest annual return	(2.0)%	Apr 2019 - Mar 2020

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	% of Fund
Developed Markets (IG)	70.3%
Fixed Rate Bonds	*50.7%*
Floating Rate Bonds	*13.5%*
Inflation Linked Bonds	*6.1%*
Emerging Markets (IG)	10.2%
Fixed Rate Bonds	*8.6%*
Floating Rate Bonds	*1.6%*
Developed Markets (High Yield)	2.9%
Emerging Markets (High Yield)	4.8%
Convertibles	7.8%
Listed Property	1.0%
EFT	2.0%
Cash & Money Market	0.9%
Total	100.0%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Corporations	62.7%
Sovereigns	32.5%
Cash	0.9%
Multi-National	2.9%
REITS	1.0%
	100.0%

ASSET ALLOCATION BY RATINGS BAND

	% of Fund
Investment Grade	83.7%
Sub-investment Grade	9.6%
Other instruments	6.8%

TOP 5 ISSUER EXPOSURE

	% of Fund
United States Government Treasury	26.3%
UBS Group	3.0%
Remgro Jersey	2.3%
Credit Suisse	2.1%
Standard Chartered	2.1%

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	0.1%												**0.1%**
Fund 2020	(0.2)%	(0.3)%	(4.0)%	2.4%	0.8%	0.6%	0.6%	0.4%	(0.4)%	0.2%	0.9%	0.4%	**1.2%**
Fund 2019	1.3%	0.3%	0.4%	0.5%	(0.1)%	0.4%	0.0 %	0.0 %	0.8%	0.5%	0.2%	0.4%	**4.7%**

Issue date: 2021/02/09

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

Please note that the commentary is for the retail class of the Fund.

The announcement of an effective vaccine for Covid-19 on 9 November 2020, alongside the results of the US election, set the scene for a powerful rally in riskier asset classes. Investors took the view that the vaccine news allowed one to look through the current chaos to a point somewhere in 2021 when normality could resume. With central banks anchoring short-term rates, investors sought out higher-yielding asset classes such as corporate bonds and emerging markets. The US dollar continued to weaken further as the valuation appeal of US assets has diminished, with the actions of outgoing President Trump also increasingly detrimental to the US image. The Fund returned 1.4% during the fourth quarter (Q4-20) and 1.2% during 2020 versus a benchmark return of 0.06% and 0.7% respectively.

US ten-year yields exhibited a relatively tight trading range, but continued to drift higher throughout the quarter, rising from 0.7% at the end of September to 0.9% at the end of December. For fixed-rate instruments shorter down the curve, the Federal Reserve Bank's (Fed's) polices continued to anchor rates, so two-year yields were unchanged and five-year yields were up 8 basis points (bps) vs the 23bps on ten-year bonds. Real yields, meanwhile, fell further, particularly at the shorter end of the curve. As breakevens have risen significantly over the last three months, the breakeven curve is now much flatter (closer to 2% across the curve) led by the front end, where inflation expectations have risen by around 70bps vs the 40bps rise in the ten-year area of the curve. While a ten-year fixed rate instrument lost 1.2% during Q4-20 and a five-year bond lost 0.1%, a ten-year US Treasury Inflation-Protected Security (TIPS) rose 1.6% and a five-year inflation security 1.8%. The Fund holds around 6% of its exposure in US TIPS, the majority of which have a maturity of between 2023 and 2027. Overall portfolio duration, however, remains short, at 0.6 years.

The Federal Open Market Committee (FOMC) provided some forward guidance on its asset purchase programme by stating it intends to continue buying at least $80 billion a month of US Treasuries and $40 billion a month of Mortgage-Backed Securities "until substantial progress has been made towards the Committee's maximum employment and price stability goals". The Fed chose not to signal an intention to extend the maturity of the underlying securities it purchases, ruling out any imminent yield curve control. The median dot plot projection continued to show no rate hikes until at least the end of 2023, although projections for the economy were upgraded somewhat and five officials (out of 17), instead of four, now see tightening before the end of 2023. Chairman Jerome Powell continued to sound dovish at the recent FOMC press conference, suggesting the Fed could do more but suggested that fiscal stimulus will be much more helpful for getting through the next few months than new Fed actions, particularly since monetary policy "works with long and variable lags".

The two-year suspension of the US debt ceiling expires in August 2021, with the US national debt a little over $27 trillion and climbing, the actual ceiling is unclear, but under the Gephardt Rule will likely be set at the level that includes budgets passed prior to August. At the time of writing, the Democrats had just secured control of the Senate in the Georgia runoff elections, which opens the prospect of a more expansive fiscal stimulus, particularly to manage the Covid-19 outbreak. Cabinet appointments to date, however, suggest a new President set on unifying America and this may mean a less radical and more centrist agenda. Whatever the outcome, US Treasury issuance is set to rise substantially in 2021 (around $2 trillion of net issuance) and its duration is set to increase as US Treasury Bill issuance falls as the US Treasury runs down its cash balances. With short rates anchored by the Fed, a steeper yield curve seems likely in the absence of a significant risk off in alternative assets. A large sell-off , however, will nevertheless require sustainable inflation to be realised rather than implied. Large central bank holdings (Fed owns 27% of the market) have also reduced volatility and pushed term premiums to extremely low levels, with yield curve control a card the Fed can still play.

Biden's ascendency to the Presidency should create a more constructive political dialogue, with the US administration adopting a more conciliatory and cooperative approach than during the last four years with regard to its allies. While it is tempting to believe trade risks will recede, boosting the global growth outlook, another scenario is one where Western allies unite to counteract the growing ascendency of China. China has emerged from the pandemic in a relatively stronger position than Western powers and is increasingly exerting its influence internationally. A more assertive policy towards China is increasingly likely and necessary if a US-led world order is to continue.

Within Europe, government bonds outperformed US government bonds in the final quarter of 2020 by around 2% (although lagged by 3% over the year), boosted by a strong outturn from peripheral nations. The European Central Bank's (ECB's) aggressive asset purchase programme means the ECB now owns 40% of the underlying market, exerting implicit yield curve control. With 45% of the market trading below the deposit rate of -0.5%, investors have been forced into longer maturities and to overweight peripheral bonds. While forward rates suggest little scope for bonds to rally further without an ECB rate cut, the ECB's reluctance to allow yields to reprice higher means volatility is likely to remain low. Covid-19 disruptions will continue to weigh on peripheral nations where tourism is a big contributor to the economy, but the approval of the EU's €1.8 trillion stimulus package should contribute around 1.5% to 2.5% of GDP during 2021 to help alleviate budget shortfalls.

The UK and EU reached a 'Brexit' trade deal on Christmas Eve, which came into force at the end of 2020. The deal prioritises zero tariff trade in goods, but with very limited services provisions. From a UK perspective, it prioritises political sovereignty over economic alignment and the deal can be perceived as been on the 'harder' end of the spectrum. In the short-term, business may breathe a sigh of relief and Sterling regain some poise, but, in the medium term, reduced EU access, lower investment and constraints on labour mobility will likely weigh on UK productivity and reduce trend growth. For both Europe and the UK, the current resurgence of Covid-19 cases remains the immediate challenge, with the UK appearing more vulnerable to a yawning gap in the fiscus.

Emerging markets (EMs) were among the biggest beneficiaries of the risk on environment as investors sought high yields in both hard currency-denominated EM debt and local currency debt, which received a further tailwind from a softer US dollar. Until the fourth quarter, flows into EMs appeared to have been crowded out by investors gaining exposure to an increasingly index-represented China. The news that a successful vaccine had been developed alongside the US election result boosted sentiment towards EMs. Investors have also taken heart from improved commodity prices and the speed by which activity in China has bounced back. Dollar-denominated EM government bonds outperformed comparable rated US corporate and EM corporate paper during the quarter, but lagged during 2020 with lower-rated sovereign paper struggling the most. The Fund sold down some of its shorter-dated EM positions (Qatar, South Africa, Mexico, Hungary, Indonesia and Italy in the EU periphery) after they tightened aggressively.

Aside from the week preceding the US election in late October, it was one-way traffic for corporate bond spreads during the quarter, with the longest-dated and lowest-rated bonds performing strongest. US investment-grade bonds tightened a further 41bps during the quarter, leaving the broad index only 2bps wider at 103bps (vs wides 401bps) in spread terms than at the start of 2020. High-yield spreads ended the year at 386bps (vs wides of 1 087bps), 26bps wider on the year. Overall, US credit outperformed government bonds by 4.2% and high yield by 6.8%, aside from the second quarter of 2020, which represented a recovery form the big selloff in March. This outperformance is the strongest since the recovery post the Global Financial Crisis in 2009. US credit also outperformed European credit, which returned 2% and 5.5% within investment-grade and high yield. While spreads may have recovered all of 2020 widening, absolute corporate bond yields are at record lows, courtesy of the fall in government bond yields. The higher implied duration means bonds are increasingly sensitive to movements in yields. For a three- to five-year instrument, the spread for a mid-single A rated credit would be around 35bps to 50bps, making the total yield somewhere between 0.5% and 0.9%. For mid-BBB-rated instruments, this would rise by an extra 0.3%. The Fund sold exposure in short-dated, predominately senior names (sub 2-year) such as British American Tobacco, American Express, Westpac, Barclays, Citi, Rabobank, HSBC, Morgan Stanley, Anglo American, NAB, Hammerson and Unibail. It purchased some shorter-dated subordinate bank paper (Barclays, Credit Suisse, Danske Bank) and convertibles (Glencore, Weibo and Capco). Overall credit duration decreased marginally during Q4-20. The Fund's exposure to non-US assets rose from 27% to 34% during the quarter as investments in Europe, Australia and India proved more attractive when hedged back into US dollars than the increasingly expensive US valuations on offer.

Property enjoyed a better quarter, particularly retail, commercial real estate and housing-orientated stocks after the vaccine news provided some much-needed relief. Despite the renewed surge in Covid-19 cases, most have held onto their gains. Logistics and perceived safer havens such as German residential were marginally softer, reflective of the growth vs value rotation trade that played out in other sectors. EM property stocks also performed strongly, boosted by investors' renewed interest in EMs, strengthening currencies and lower domestic bond yields. The APRA/NAREIT developed index was up 13.5% for the quarter, with most of the return occurring during November. The Fund rotated out of some of its retail exposure after the bounce selling down Unibail, Hammerson and Klepierre and rotating into Segro, Deutsche Wohnen, Vonovia, Alstria and Mercialys. Overall property exposure rose from 0.8% at the end of September to 1.3% at the end of December.

Within foreign exchange markets, US dollar weakness was once gain the dominant theme as the Fed's broad trade-weighted index fell 4.9% during the quarter. The risk on environment encouraged carry trades that boosted higher-yielding currencies and higher commodity prices were also supportive of EMs. The best-performing currencies in spot terms versus the dollar were the South African rand (up 14%), Columbian peso (12%) and Mexican peso (11%), while within G10, the Norwegian krone and Swedish krona were both 9%, closely followed by the Australian dollar. The Indian rupee lagged the most (<1% higher), followed by the Japanese yen (up 2%), and the Taiwanese dollar (<3%). US dollar speculative positioning is now extremely short and an unwinding of these positions could boost the dollar in the short term. Positioning aside, the dollar still faces challenges, with negative real rates increasingly boosting the appeal of other G10 currencies and alternative assets such as gold or even cryptocurrencies. US assets are also increasingly viewed as expensive in a global context, with a blue wave also opening up the prospect of a more aggressive tax and spend environment from a Biden administration. The Fund also held options on four currencies at the end of September, booking profits on three (SEK, EUR and CHF), while the yen expired out of the money. The Fund subsequently took out a further six-month option on the same four currencies with strike levels 2-3% out of the money, representing around 5% of the nominal Fund exposure.

After the strong performance of riskier asserts during Q4-20, investor caution is warranted as returns feel increasingly asymmetric within parts of the fixed income and riskier asset classes in general. The Fund retains a relatively short interest rate sensitivity and credit durations have shortened too; the Fund's key positioning remains in the 2-4 year maturity space. Our foreign exchange (FX) options will also provide some protection in the case of further US dollar weakness. A vaccine rollout may be underway in some parts of the developed world, but the new variant strains raise some concerns, as do the logistical challenges of delivering the vaccines, particularly in the developing world. In the meantime, renewed lockdowns continue to disrupt businesses and weigh heavily on government finances. It remains to be seen how different US domestic policies will be under Biden (the US elections was dubbed the most important in a generation for a reason) and, on US foreign policy, the stance taken on China, Russia and Iran will be of interest from a volatility perspective. While early 2021 will continued to be characterised by governments stepping in to support economies, attention will likely shift during the latter half of 2021 to how to repay the accumulated debt: will it be more quantitative easing (potential rate and FX impact), more financial repression, higher inflation or higher taxes? The answer will be instrumental in the fortunes of various asset classes.

Portfolio managers
Stephen Peirce, Nishan Maharaj and Seamus Vasey
as at 31 December 2020

CORONATION GLOBAL STRATEGIC USD INCOME FUND

Important Information

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IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL STRATEGIC USD INCOME FUND

Unit trusts 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. The yield shown is an estimate in part based on market assumptions and forecasts. The yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, interest rates and changes in costs actually experienced during the investment period. The asset allocation by instrument type are reflected on a look-through basis. The asset allocation by issuer type and top issuer exposures are not reflected on a look-through basis. Coronation 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. Coronation Global Fund Managers (Ireland) Limited is authorised in Ireland and regulated by the Central Bank of Ireland. The fund is approved under Section 65 of the Collective Investment Schemes Control Act by the Financial Sector Conduct Authority of South Africa. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider.

JP Morgan (Ireland) has been appointed as the fund's trustees (www.jpmorgan.com; t: +353-1-612-4000), and its custodian is JP Morgan Administration Services (Ireland) Limited (www.jpmorgan.com; t: +353-1-612-4000). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHAT PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every business day. Fund valuations take place at approximately 17h00 each business day (Irish Time) and forward pricing is used. Instructions must reach Coronation before 12h00 (SA Time) one day prior to the dealing date. You can expect to receive withdrawal payouts three business days after the dealing day. Large investments or redemptions (exceeding 5% of fund value) may be subject to an anti-dilution levy to defray dealing costs and expenses. This levy, where applicable, is applied fully for the benefit 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.

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. 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 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 September 2020 (updated annually). The 3 year TER is for a rolling 36-month period to the last 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 www.coronation.com. You will also find additional information on the considerations pertinent to investing in a fund denominated in a foreign currency and domiciled in an offshore jurisdiction.

IMPORTANT INFORMATION REGARDING TERMS OF USE

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