

## 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)	179.0%	20.3%	158.7%
Since Inception p.a.	6.6%	1.2%	5.4%
Latest 15 years p.a.	5.2%	0.7%	4.5%
Latest 10 years p.a.	4.9%	1.6%	3.3%
Latest 5 years p.a.	4.9%	2.6%	2.3%
Latest 3 years p.a.	5.1%	4.0%	1.1%
Latest 1 year	9.7%	5.4%	4.3%
Year to date	9.7%	5.4%	4.3%
Month	(0.2)%	0.4%	(0.6)%

## ASSET ALLOCATION

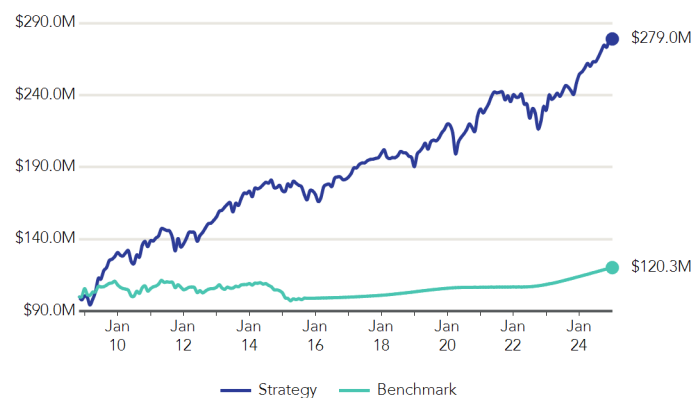
Asset Type	% Strategy
Bonds	58.8%
Equities	25.2%
Cash	14.2%
Property	1.8%

## GENERAL INFORMATION

Inception Date	01 November 2008
Strategy Size *	\$649.5 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
CORONATION GLOBAL STRATEGIC INCOME CLASS Z (IRL)	15.5%
US TBILL 0.000% 060225 (USA)	6.7%
US T-BILL 4.849% 310125 (USA)	4.8%
US T-BILL 5.459% 300425 (USA)	4.0%
US T-BILL 5.476% 310725 (USA)	4.0%
US TIPS 0.125% 150427 (USA)	3.8%
US T-BILL 5.521% 311025 (USA)	3.5%
US TIPS 0.625% 150126 (USA)	3.2%
US TIPS 0.125% 150426 (USA)	2.1%
US T-BILL 5.540% 310126 (USA)	1.9%

## GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	66.4%
Europe	23.1%
CEEMEA	7.5%
Asia	1.8%
LATAM	0.4%
Other	0.8%

## CURRENCY EXPOSURE

Currency	% Strategy
USD	86.0%
GBP	11.6%
EUR	2.6%
Other	(0.2)%

## 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

The final quarter of 2024 (Q4) finished on a weaker note, with equity and fixed income markets declining. The -1% decline for the MSCI All Country World Index (ACWI) is perhaps surprising considering the ebullience after the US election. Once again, this can be explained by a meaningful divergence in regional performance, with the S&P 500 Index increasing 2% in Q4, compared to the MSCI World ex-US declining 7% and MSCI Emerging Markets declining 8%. The bond market (as measured by the Bloomberg Barclays Global Aggregate Bond [BBGAB] Index) fared worse, declining 5% for the quarter. Short-term US dollar cash returns continue to make steady progress, and advanced 1% in the quarter, bringing the full year return on the SOFR index (Secured Overnight Financing Rate) to 5%. Despite the market volatility, the Strategy fared well in the quarter and delivered a healthy 9.7% return for the full year.

The Strategy's equity holdings performed strongly for the year and contributed approximately half of the Strategy's total return. Much has already been written about the narrowness of equity market returns in 2024. In our March 2024 commentary, we wrote: "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."

Yet equity returns for the year continued to be dominated by the US, and, specifically, by a narrow cohort of large technology stocks within the US. In the final quarter, four of the Strategy's largest detractors were stocks we did not own: Tesla, Apple, Nvidia and Broadcom, which collectively account for c.12% of the ACWI and are four of the eight largest companies in the world with an average market capitalisation of \$2.3 trillion. With contributions this skewed, consensus is now firmly that the US is the only game in town.

This obsession with a small number of large technology stocks within a single country continues to create compelling opportunities for stock-pickers like us. And in contrast to the index, the Strategy's outperformance was driven by a number of businesses that operate across a diverse range of sectors in many different geographies. The median market capitalisation of our top 15 contributors for Q4 was \$25bn, with the biggest stock having an index weighting of only 0.2%. While we admire the business models of many of the largest stocks, follow them closely, and own a select few, we continue to see more value outside of the mega-caps. A few examples follow:

Airbus shares appreciated strongly in Q4 as management reiterated full-year guidance against an industry-wide backdrop of supply chain bottlenecks and delays. We don't believe this to be a defining milestone for the long-term investment thesis but are encouraged by the steady progress being made in addressing the supply chain bottlenecks affecting Airbus's production ramp-up, and we remain confident that Airbus will generate materially improved free cash flows (FCF) in the second half of the decade.

Accor, the European-centric asset-light hotel franchisor, continues to trade at a significant discount to US-focused peers despite a growing track record of consistent execution of management's strategic plan. Hotel demand globally, specifically within Accor's European heartland, remained resilient through the end of the year, and net unit growth should continue to accelerate in 2025 as post-Covid Strategy churn moderates. The restructuring of AccorInvest's balance sheet is progressing, and Accor management continues to reiterate its intention to dispose of the business' residual stake in AccorInvest and return the proceeds to shareholders within the next 18 to 24 months.

Booking Holdings is executing at a very high level, cementing its reputation as a consistent long-term outperformer in the online travel market. Booking.com continues to show good progress with two of its key strategic priorities: alternative accommodations and their connected trip strategy. Booking.com has been taking market share in the alternative accommodation market and growing faster than Airbnb over the last few years. Whilst still nascent, Booking.com is increasingly using its flights business to cross-sell more lucrative hotel accommodation. The company continues to return all its FCF to shareholders via buybacks and a recently instituted dividend.

More broadly, financial markets had to contend with a surging US dollar in Q4. The currency's rally began following Donald Trump's victory in the US presidential election and his threats of high tariffs on imported goods. Then, in December, although the Federal Reserve Board cut interest rates by another 25 basis points, the accompanying statement dampened expectations for further rate cuts. Chairman Jerome Powell indicated that in light of the resilient US economy, the pace of interest rate reductions could be slower, and the trough in rates could be higher than the markets had anticipated.

From a macroeconomic perspective, most economists expected US growth to slow during 2024. The pessimists warned of a "hard" landing, the optimists predicted a "soft" landing, but the real outcome is more akin to a "no" landing, with growth remaining quite strong. In Europe, the economic slowdown has been more pronounced, which may prompt the European Central Bank to pursue deeper interest rate cuts than the US. The interest rate differential is expected to be in favour of the US and, therefore, contributing to a stronger US dollar.

The most concerning aspect of the global economy is the high levels of government debt in many of the developed world economies (and this affects the rest of the world too). After the global financial crisis of 2008/2009 and the Covid pandemic, most governments experienced soaring debt levels as they implemented expansionary fiscal policies to mitigate the shocks of these events. Debt servicing costs have become a burden to many governments and tackling it by raising taxes and spending less is obviously an unpopular choice. Bond investors are rightly demanding higher yields.

The US 10-year bond yield, currently hovering around the 4.5% level, is a far cry from the lows of around 1.5% seen in the lockdown period. Although somewhat more attractive, it reflects the state of debt markets, and we do not find it sufficiently compelling to warrant building meaningful positions in sovereign bonds. The unsustainable sovereign debt levels are a long-term concern that will, at some point, have to be addressed by politicians. We continue to maintain our conservative positioning in the fixed income markets. The duration of the Strategy's fixed income holdings remains very short, at only one year, with a yield to maturity of 5.3%. This served the Strategy well in 2024, helping deliver a return of over 6% for the fixed income holdings, compared to -2% for the BBGAB.

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

- 20% in US T-bills
- 34% in investment-grade fixed income instruments
- 13% in inflation-linked assets
- 4% in high yield fixed income
- 5% in real assets (listed infrastructure and property)
- 22% effective equity

The remaining 2% was invested in various other assets.

After two consecutive years of strong returns, there is little doubt that the S&P 500 Index is highly valued. We therefore caution against extrapolating the strong returns of the past two years into the future. Although we still find good value in select stocks, we do not anticipate another year of returns in excess of 20% from global equities. Our conservative fixed income positioning leaves us well placed to take advantage of any stresses, and higher yields, in global credit markets.

Thank you for your support and interest in the Strategy.