CORONATION GLOBAL STRATEGIC USD INCOME FUND

Fund Information as at 31 December 2024

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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?

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 Secured Overnight Financing Rate (SOFR)
Investment Minimum	US$500
Bloomberg	CORGSUA
ISIN	IE00B4TFHM43
SEDOL	B4TFHM4

CORONATION GLOBAL STRATEGIC USD INCOME FUND

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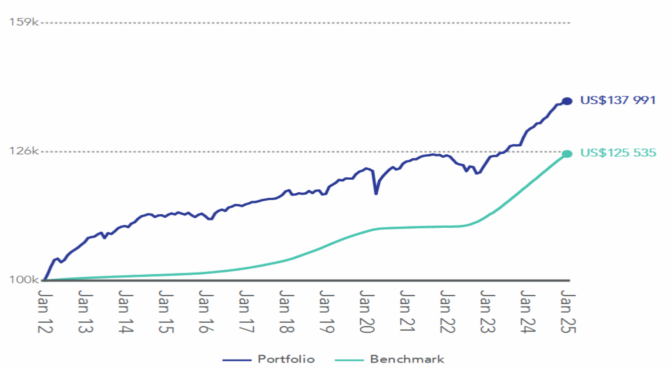
CLASS A as at 31 December 2024

Launch date	30 December 2011
Fund size	US$ 610.43 million
NAV	1379.91 cents
Benchmark	110% of SOFR
Portfolio manager/s	Nishan Maharaj & Seamus Vasey

	1 Year	3 Year
Total Expense Ratio	0.88%	0.88%
Fund management fee	0.80%	0.80%
Fund expenses	0.08%	0.07%
VAT	0.00%	0.00%
Transaction costs (inc. VAT)	0.01%	0.01%
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)	38.0%	25.5%	12.5%
Since Launch (annualised)	2.5%	1.8%	0.7%
Latest 10 years (annualised)	2.1%	2.2%	(0.1)%
Latest 5 years (annualised)	2.4%	2.8%	(0.4)%
Latest 3 years (annualised)	3.3%	4.4%	(1.1)%
Latest 1 year	5.5%	6.0%	(0.4)%
Year to date	5.5%	6.0%	(0.4)%

	Fund
Modified Duration	0.8
Yield (Net of Fees)	4.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	2.0%	0.6%
Sharpe Ratio	0.53	0.62
Maximum Gain	8.2%	25.5%
Maximum Drawdown	(4.5)%	N/A
Positive Months	75.0%	100.0%

	Fund	Date Range
Highest annual return	7.6%	Nov 2023 - Oct 2024
Lowest annual return	(3.2)%	Oct 2021 - Sep 2022

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	% of Fund
Developed Market (Investment Grade)	81.9%
Fixed Rate Bonds	26.8%
Floating Rate Bonds	45.3%
Inflation Rate Bonds	9.8%
Emerging Market (Investment Grade)	4.5%
Fixed Rate Bonds	3.1%
Floating Rate Bonds	1.4%
Developed Market (High Yield)	0.8%
Emerging Market (High Yield)	2.0%
Convertibles and Hybrids	3.9%
Listed Property	1.6%
ETF	0.2%
Cash & Money Market	5.1%
Total	100.0%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Corporations	55.1%
Sovereigns	38.3%
Cash	4.6%
Multi-National	0.4%
REITS	1.6%
	100.0%

ASSET ALLOCATION BY RATINGS BAND

	% of Fund
Investment Grade	90.3%
Sub-Investment Grade	2.9%
Other instruments	6.8%
	100.0%

TOP 5 ISSUER EXPOSURE

	% of Fund
US Treasury	36.7%
Banco Santander	3.8%
Wells Fargo	3.0%
Morgan Stanley	2.7%
Standard Chartered	2.7%

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2024	0.5%	0.3%	0.6%	0.1%	0.7%	0.4%	0.9%	0.6%	0.7%	0.0 %	0.4%	0.2%	**5.5%**
Fund 2023	0.9%	0.1%	0.0 %	0.5%	0.1%	0.4%	0.8%	0.2%	0.0 %	0.0 %	1.4%	1.1%	**5.7%**
Fund 2022	(0.2)%	(0.6)%	(0.6)%	(0.2)%	(0.1)%	(1.1)%	0.9%	(0.1)%	(1.2)%	0.2%	1.0%	0.9%	**(1.2)%**
Fund 2021	0.1%	0.3%	0.0 %	0.3%	0.2%	0.1%	0.1%	0.1%	(0.1)%	0.0 %	(0.3)%	0.2%	**1.1%**
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%**

Issue date: 2025/01/17

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 final few months of 2024 were largely dominated by the anticipation and then subsequent reaction to the US Presidential election held in November. Arguably, much of the additional financial market volatility and relative asset price moves are increases in selective risk premia, pre-empting the implementation and effect of the new administration's policies and politics. As such, the scope for reversals and recalibration is undoubtedly high in the coming months.

Against this backdrop, the Fund returned 0.6% for the quarter against the benchmark return of 1.32%. Over 2024, the Fund returned 5.5% versus the benchmark return of 6.0%.

Asset class performances

While US political considerations dominated financial market agendas in Q4, macroeconomic data flow provided a complicating dynamic. After meaningful negative data surprises across Q3, these reversed aggressively in the last few months of the year, suggesting an underlying resilience to the US economy that had been under-appreciated. While economic activity data was mixed overall – with the housing market still under pressure – spending and labour market dynamics proved unexpectedly robust. Alongside the Republican Party's 'clean sweep', which has introduced an entirely new risk profile to the US – and global – outlook, the Federal Reserve Board's (the Fed) response over Q4 was to continue reducing the policy rate (2x 25bps cuts), but overall to pivot much more hawkishly. Indeed, while FOMC guidance previously suggested the likelihood of four additional rate cuts over 2025, this was cut back to only two additional cuts.

US rates rose substantially over Q4, across the yield curve. The US election results motivated bond markets to incorporate both a higher fiscal risk premium and inflation buffer. Shorter-end rates experienced some of this re-pricing but also incorporated a sharp adjustment in monetary policy expectations, as Fed guidance reversed course in response to both short-term data flow and the longer-term risks posed by a potentially seismic change in the political and policy landscape. The US 10-year Treasury yield started the quarter below 3.80% – around the lowest levels of 2024 – before rising to close the year above 4.50% – near the range highs seen over 2024. Notably, longer-tenor yields ended up relatively more elevated at end-2024, increasingly reflecting the market's gravest concerns for US interest rates: the incoming administration's potential lack of fiscal discipline.

Global bond yield movements largely reflected the repricing brought about by the sell-off in US Treasuries. However, this was naturally less prominent and adulterated by local conditions in each market. European bonds sold off, partly reflecting global rate repricing and a more cautious European Central Bank. However, inflation continues to be soft, and the outlook benign across most of the continent. Within the eurozone, differences in bond market performance by country mostly reflected cyclical divergences – as is typically the case. However, there are deep political schisms within many of Europe's major economies and some of these materialised assertively in the last months of 2024. Within bond markets, this was most clearly seen in French spreads, as fiscal ructions and an imploding government demanded a re-pricing of sovereign risk. The 10-year German Bund ended 2024 at c. 2.4% after starting the year at an extremely subdued 2.0%. The UK wasn't quite as fortunate. The new administration's first Budget contained quite a few surprises, particularly around higher borrowing levels. Indeed, deep fiscal concerns are unlikely to be far below the surface in this market for the foreseeable future. Despite this, the Bank of England retained their bias towards cutting rates further (currently 4.75%), even as the inflation backdrop has become less supportive of their stance. The 10-year UK Gilt ended the year around 4.6%, having started 2024 around 3.6% (with most of this increase occurring in Q4). Finally in DM, Japanese yields weakened over Q4, largely reflecting the impetus of global base rates, but also as the Bank of Japan continues to motivate for 'normalising' interest rates in Japan. Thus, even as the base rate remained steady at 0.25%, Japan remains one of the few economies globally still firmly set on a rising interest rate cycle. Last year was meaningful for Japanese rates. The 10-year yield started 2024 around 0.6% and ended north of 1.1% – levels last seen in 2011.

For global inflation-linked bond markets, 2024 was an unforgiving year. Of the Developed Market linker markets, only the US managed to eke out a small positive gain for the whole year (c. +1.8%), while all the rest produced really quite poor outcomes. The worst of which included: the UK (c. -10%), Australia (c. -10%), France (c. -9%), and New Zealand (c. -9%). These particularly adverse outcomes were all achieved over Q4 – the year-to-date (YTD) performances prior to this point had nearly all been positive. The US 10-year real yield moved from c. 1.6% by end-September to over 2.2% by year-end – around the yield highs seen earlier in the year. The German 10-year real yield saw a move from around its range lows of the year (c. 0.3%) up to the year's range highs (0.6%). But the most devastating adjustment – unsurprisingly – came in the UK. Here, the 10-year real yield moved from below 0.6% to well over 1.0% in Q4 – after starting the year at a barely positive 0.25%.

Within Emerging Market (EM) bonds, the hard currency-denominated sector fell c. 2.0% over the last quarter to provide an absolute return of c. +6.5% for the year. The vast bulk of performance came from spread compression (+6.6%), while base rates detracted (-0.1%). There was significant bifurcation elsewhere too. Investment Grade EM sovereign bonds achieved a sub-par +0.3% for the entire year, while High Yield EM USD government bonds shot the lights out with a total return of +12.9%. Notably, the lower-quality credit outperformance was dominated by extreme recoveries from a handful of highly distressed entities (e.g., Pakistan +42%, Ukraine +62%, Ecuador +70%, Argentina +102%, and Lebanon +117%).

For local currency EM sovereign bonds, 2024 ended up being a dud year (-2.4% in USD). The third quarter was an exceptionally strong period that was undone in the remaining months of 2024. For the most part, this was largely a currency story – and mainly really all about the US dollar. Coupons paid by EM bonds provided a return over the year of +5.6%; capital movements were largely inconsequential overall at -0.3%, but it was EM currency weakness of -7.3% that dictated the overall outcome. That said, there were a few notable underperformers: Hungary -9.4%, Mexico -15.4% and Brazil -39%. Notable top performers included: Thailand +6%, Malaysia +6.9% and South Africa +13.6%. The fourth quarter was largely a reflection of the year as a whole in terms of relative contributions. The market was down 7% overall; coupons accrued added 5.8% (ann.), while currency movements took off 6.6% and price declines averaged 1.8%. Re-pricing of global base rates and the USD were the primary forces acting on EM bonds over the remaining months of 2024.

Global spread markets had an interesting close to the year, although performances were mixed depending on which market you look at. In the US, the affirming cyclical economic backdrop and potential short-term boost to the US corporate sector from the incoming administration's 'business friendly' policies served to retain demand for US corporate credits. Thus, despite the substantial sell-off in US interest rates that dominated returns across fixed income markets in Q4, this was somewhat buffered in corporate credit markets by offsetting strength through tightening credit spreads. For example, the US investment grade (IG) market had a Q4 total return of -2.8% (yields moving from 4.7% to 5.4%); this would have been worse except for an offsetting excess return of +1% as spreads compressed c. 10bps. The US High Yield (HY) market reflected the same dynamic, although it managed a positive total return of +0.2% over the quarter as spreads also compressed, offsetting the repricing higher of base rates. In the other primary DM corporate credit market, the eurozone, corporate credit assets largely performed reasonably, especially in comparison to their US equivalents. This is as base rates didn't adjust quite as sharply higher in Europe, and there was additional room for even more spread compression in Europe relative to the US. For the year, US IG bonds provided a return of 2.8%; US HY gave 8.2%, while in Europe, IG provided 4.7% (EUR) in 2024 and HY 8.6% (EUR).

Up until the end of September 2024, the FTSE/EPRA NAREIT Global Index had put together a very respectable YTD performance of c. +13%, entirely as a result of a strong Q3. Much of this was undone in Q4, where the market return was -9%, providing an annual performance of a meagre +2%. Real estate sectors performed particularly abysmally over the closing three months of 2024. This was largely a function of the severity of interest rate increases seen across markets over this time, often accompanied by curtailed expectations of monetary policy easing over 2025. It didn't help that this sector had an especially zealous run in the preceding three months, creating even more room for a clawback of performance.

Fund activity

With respect to Fund activity over the quarter, as is mostly the case, the bulk of transactions related to the recycling of existing exposures that had drifted into modestly expensive territory and were replaced by new issues perceived to be relatively cheaply priced. This tends to occur within the higher-rated credit buckets involving short-dated issues (usually one to three years). There is also the natural recycling of maturing issues, given that the Fund tends to have a meaningful and continuous liquidity ladder spanning from one quarter to the next.

The Fund's aggregate interest rate exposure ended up largely unchanged from end-Q3 to end-Q4, although the composition was adjusted. As US rates sold off, the Fund opportunistically added interest rate risk at select points on the yield curve. However, non-USD duration was reduced, especially in EM exposure which increasingly looked vulnerable in the face of a rapidly evolving US political and monetary environment. Aggregate credit exposure has been reduced even further over the last three months of the year – this has been valuation driven, even as the cyclical backdrop to corporate credit spreads has arguably improved in the short term. The Fund's HY exposure is now especially low on a through-the-cycle basis; the capacity to acquire higher risk exposure as opportunities present themselves in the months ahead is encouragingly capacious. Lastly, the particularly sharp underperformance of global REITs – alongside the blended risk exposure of the Fund – provided a favourable occasion to selectively accumulate new property names at attractive levels over a medium-term horizon.

Portfolio managers
Nishan Maharaj and Seamus Vasey
as at 31 December 2024

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 (gross of fees) 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 yield disclosed on the MDD is current and calculated as at the MDD reporting date. 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) to ensure the value of the same business day. You can expect to receive withdrawal payouts three to four 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.

HOW ARE THE BENCHMARK RETURNS CALCULATED?

The benchmark used for performance purposes is 110% of Secured Overnight Financing Rate (SOFR). From 1 December 2021 the benchmark changed from the 110% of USD 3-month LIBOR to 110% of the Secured Overnight Financing Rate (SOFR). 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 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. 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. A summary of Investor Rights can be sourced on the following link: https://www.coronation.com/en/institutional/about-us/ucits-v-disclosure/.

IMPORTANT INFORMATION REGARDING TERMS OF USE