

## 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)	163.3%	17.3%	146.0%
Since Inception p.a.	6.4%	1.0%	5.4%
Latest 15 years p.a.	5.8%	0.6%	5.2%
Latest 10 years p.a.	3.9%	0.7%	3.2%
Latest 5 years p.a.	4.9%	2.3%	2.6%
Latest 3 years p.a.	2.9%	3.2%	(0.3)%
Latest 1 year	8.5%	5.5%	3.0%
Year to date	3.5%	2.7%	0.8%
Month	0.0%	0.4%	(0.4)%

## ASSET ALLOCATION

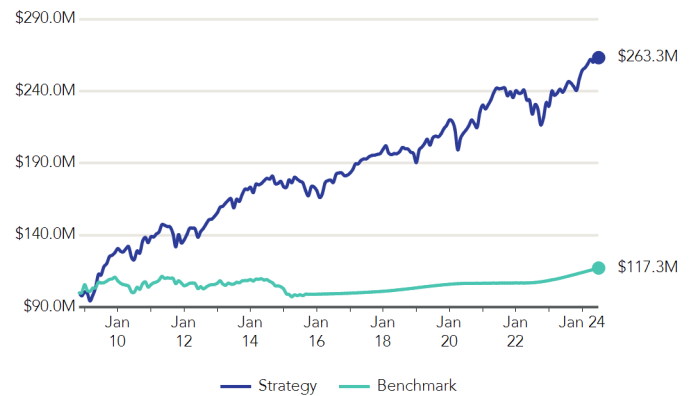
Asset Type	% Strategy
Bonds	67.6%
Equities	23.3%
Cash	6.3%
Property	2.8%

## GENERAL INFORMATION

Inception Date	01 November 2008
Strategy Size *	\$643.4 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
CORO GBL STRATEGIC INCOME-Z (IRL)	15.1%
US T-BILL 5.163% 310724 (USA)	4.2%
US T-BILL 4.849% 310125 (USA)	4.1%
US T-BILL 5.459% 300425 (USA)	4.1%
US TIPS 0.125% 150427 (USA)	3.7%
US T-BILL 5.521% 311025 (USA)	3.5%
US T-BILL 5.266% 311024 (USA)	3.4%
US T-BILL 4.000% 290228 (USA)	2.8%
US TIPS 0.125% 150426 (USA)	2.0%
US TIPS 0.125% 150132 (USA)	1.6%

## GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	61.9%
Europe	25.6%
CEEMEA	9.4%
Asia	1.5%
LATAM	0.3%
Japan	(0.3)%
Other	1.6%

## CURRENCY EXPOSURE

Currency	% Strategy
USD	86.5%
GBP	11.4%
EUR	2.7%
CNY	(1.6)%
Other	1.0%

## 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

Equity Markets continued their advance in the second quarter of 2024 (Q2-24), rising 3% over the period and rounding off a very strong first half of the year with gains of just over 11% (as measured by the MSCI All Country World Index). Returns continue to be led by an increasingly narrow US market, with the S&P 500, Nasdaq and Magnificent 7 up 15%, 17% and 37%, respectively, year to date. Looking more closely at the US, around 60% of YTD gains have been driven by just five stocks – Apple, Nvidia, Microsoft, Amazon and Meta – with Nvidia alone accounting for almost a third of market returns at the half-year mark. In fact, in Q2-24, an equally weighted S&P 500 Index returned a negative 2.6%, the second-worst quarterly underperformance on record when compared to the headline index's 4% gain and marking the worst market breadth in well over 20 years. In contrast, the global bond market declined by 1% over the quarter, bringing its YTD decline to -3%. The Strategy recorded a small positive gain for the quarter (as measured by the Bloomberg Barclays Global Aggregate Bond Index), although slightly behind the benchmark.

While our fixed income holdings again contributed over the quarter, delivering a positive return compared to the index's decline, our equity holdings detracted from returns.

Airbus was the largest detractor in the quarter, declining by 25%. Its share price fell after a poor update from management in which 2024 delivery and earnings guidance was cut. Whilst we acknowledge this temporary setback, the future remains incredibly bright for the company. Airbus manufactures narrowbody and widebody airframes in a duopoly with Boeing. The industry structure has been remarkably stable for decades, a testament to the almost insurmountable barriers to entry that new competitors face. Coming out of Covid, Airbus has emerged even stronger as competitor Boeing entered the downturn with a weak balance sheet (versus Airbus' net cash position) and then suffered a series of well-publicised technical and quality issues. Airbus now stands with a backlog of over 8 500 planes on order. Considering that annual production is currently 770 planes (and growing), this equates to a multi-year backlog that underpins our very healthy growth forecasts, with Airbus continuing to gain share in a growing industry. So, what contributed to the recent earnings downgrade? The company – and, in fact, the whole aerospace industry – is still suffering from post-Covid supply chain bottlenecks that have caused delays in the production ramp-up of Airbus' most popular aircraft family (and biggest EBIT contributor by far), the A320neo narrowbody. Despite these delays, we believe it's only a matter of time before deliveries and, therefore, profits and sustainable free cash flow ramp up to management's ambitious long-term targets, which will see a production run-rate for the key A320 family that is almost 50% higher than that achieved today. In addition, Airbus has a fortress balance sheet with a €10bn net cash position, and we expect returns to shareholders to continue to increase.

The Taiwan Semiconductor Manufacturing Company, or TSMC, was the second largest contributor, climbing 28% during the quarter. TSMC is the world's leading semiconductor foundry. With an over 50% share of global semiconductor production, including a market share north of 90% in the most advanced, leading-edge semiconductors, TSMC is quite simply one of the most important companies globally. As the world's leading foundry, TSMC manufactures and supplies its chips to the world's largest companies, including all of Nvidia's GPUs. The largest hyper scalars like Microsoft Azure and Amazon AWS rely on Nvidia for their AI chips, but Nvidia relies on TSMC to make them. It is thus a direct beneficiary of the rapid growth in high-performance computing and the buildout of "AI factories", supporting a very healthy mid to high teens revenue growth outlook whilst earning very attractive ROEs of around 25%. Unlike Nvidia, TSMC has not benefited from significant price hikes (yet), which provides positive optionality going forward for its all-important products. Considering the above, we do find it surprising that TSMC trades on 22x forward earnings, roughly half the rating of Nvidia, and this with far less optimism baked into its earnings outlook.

Outside of equities, we have slowly increased the Strategy's exposure to residential real estate, which now sits at nearly 3%, including holdings in the US, Germany and Australia. US Apartment REITs surged in a 2021 post-Covid rally, only to slump from 2022 onwards as demand slowed, occupancies decreased, and inflation pressured cost bases. In addition, certain markets suffered excess supply from a mini-construction boom. Higher interest rates have of course led to increased borrowing costs (on variable notes and new issuance of debt). The outlook is, however, more favourable in certain supply-constrained sub-markets. Single-family home costs are expected to remain high, and for many, renting is now more affordable than owning a home. In addition, both wage growth and employment have been strong. We added two REITs this year, acquired at approximately 4.5% starting dividend yields with earnings streams that we expect to grow 5%-6% per year, which should deliver shareholder returns of c.10% before any closing of the NAV discount.

In fixed income, we continue to favour the short end of the curve, and have kept the Strategy's duration low. Credit spreads have reduced, and high-yield bonds have rallied, leading us to have relatively low credit exposure and to reduce high-yield exposure (one instrument was sold, and one matured). Finally, we added c.3% to short-dated inflation-linked bond exposure at real yields over 2%.

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

- 16% in short-dated US T-bills
- 39% in investment-grade fixed income instruments
- 11% in inflation-linked assets (primarily US Treasury index-linked bonds)
- 6% in high yield fixed income
- 6% in real assets (listed infrastructure and property)
- 20% effective equity

The remaining 2% was invested in various other assets.

Thank you for your support and interest in the Strategy.