CORONATION GLOBAL STRATEGIC USD INCOME FUND

Fund Information as at 30 June 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

CORONATION
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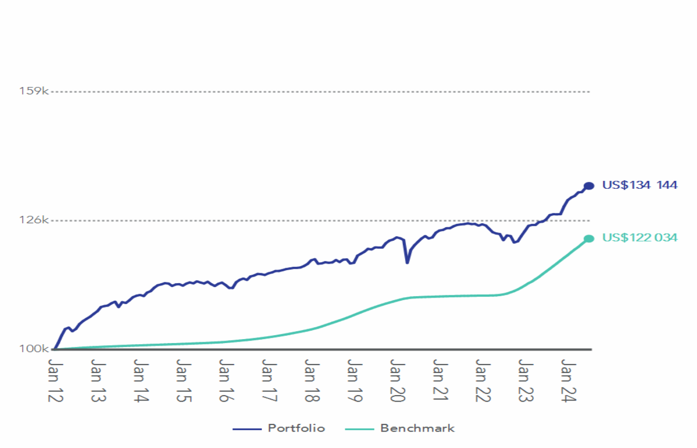
CLASS A as at 30 June 2024

Launch date	30 December 2011
Fund size	US$ 583.44 million
NAV	1341.44 cents
Benchmark	110% of SOFR
Portfolio manager/s	Nishan Maharaj & Seamus Vasey

	1 Year	3 Year
Total Expense Ratio	0.87%	0.88%
Fee for performance in line with benchmark	0.80%	0.80%
Adjusted for out/(under)-performance	-	0.00%
Fund expenses	0.07%	0.07%
VAT	0.00%	0.00%
Transaction costs (inc. VAT)	0.01%	0.01%
Total Investment Charge	0.88%	0.89%

PERFORMANCE AND RISK STATISTICS

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



PERFORMANCE (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	34.1%	22.0%	12.1%
Since Launch (annualised)	2.4%	1.6%	0.8%
Latest 10 years (annualised)	1.8%	1.9%	(0.1)%
Latest 5 years (annualised)	2.2%	2.5%	(0.3)%
Latest 3 years (annualised)	2.3%	3.5%	(1.2)%
Latest 1 year	6.2%	6.1%	0.1%
Year to date	2.6%	3.0%	(0.4)%

	Fund
Modified Duration	1.2
Yield (Net of Fees)	5.2%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	2.1%	0.5%
Sharpe Ratio	0.53	0.62
Maximum Gain	5.4%	22.0%
Maximum Drawdown	(4.5)%	N/A
Positive Months	74.0%	100.0%

	Fund	Date Range
Highest annual return	7.1%	Jan 2012 - Dec 2012
Lowest annual return	(3.2)%	Oct 2021 - Sep 2022

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	% of Fund
Developed Market (Investment Grade)	80.4%
Fixed Rate Bonds	31.3%
Floating Rate Bonds	39.7%
Inflation-Linked Bonds	9.4%
Emerging Market (Investment Grade)	5.9%
Fixed Rate Bonds	4.5%
Floating Rate Bonds	1.4%
Developed Market (High Yield)	0.8%
Emerging Market (High Yield)	4.0%
Convertibles and Hybrids	4.5%
Listed Property	1.2%
ETF	0.2%
Cash & Money Market	3.0%
Total	100.0%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Corporations	56.1%
Sovereigns	39.6%
Cash	2.6%
Multi-National	0.5%
REITS	1.2%
	100.0%

ASSET ALLOCATION BY RATINGS BAND

	% of Fund
Investment Grade	90.2%
Sub-Investment Grade	5.0%
Other instruments	4.8%
	100.0%

TOP 5 ISSUER EXPOSURE

	% of Fund
US Treasury	33.9%
UBS	3.3%
Government of Mexico	3.0%
Lloyds Banking Group Plc	2.6%
Bank of America Corp	2.5%

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%							**2.6%**
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: 2024/07/15

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 second quarter was nearly a full round-trip for monetary policy expectations in the US. The country's interest rate markets remain acutely sensitive to the latest data flow and how this is perceived to bolster the case for or against the Fed initiating an interest rate cutting cycle. This is likely to remain the case, at least for the very near term. For their part, the Federal Open Market Committee (FOMC) has been less immediately reactive to high-frequency macroeconomic data, instead maintaining a more consistent stance that emphasises a risk-management approach to policy setting. Regardless, for US interest rates, the first half of 2024 has been wholly dominated by the influence and role of monetary policy expectations. This certainly hasn't been resolved, but there's definitely scope for additional drivers to become relatively more prominent. In particular, the approaching Presidential elections alone have the ability to weigh more heavily on US rates markets as prospects and risks are expressed in varying risk premia.

Within global fixed income markets, the potential for differing trajectories and cadence of monetary policy paths to more definitively express themselves as time passes is undoubtedly growing. This is a feature to look forward to, as this type of environment tends to produce more varied opportunity sets and unaligned markets – just the kind of landscape the Fund is designed to navigate.

Against this backdrop, the Fund returned 1.16% for the quarter, marginally behind the benchmark return of 1.51%, bringing it's 12-month return to 6.21% versus the benchmark's 6.07%. Since its inception, the Fund has outperformed its benchmark by 0.77% per annum.

Asset class performances

The extreme reversal of market expectations for US monetary policy seen in the first quarter of the year became turbo-charged during April. With high-frequency data flow suggesting that US consumer inflation was worryingly irrepressible, helped along by a robust labour market and encouraging indications that the pockets of weakness in the US economy weren't deteriorating further, there was a moment during Q2-24 when the market became collectively doubtful that the FOMC would have any capacity to reduce interest rates in the foreseeable future. This episode was accompanied by the heightened debate around the potentially altered level of the 'neutral' policy rate needed in the US. So, not only were rate-cutting expectations for this monetary policy cycle radically reined in, but also the potential for a deep cutting cycle became much more contestable. The notion that the US might require higher interest rates than seen in the past two decades – at all points through a monetary policy cycle – became much more entrenched during Q2-24.

The response of the US yield curve was to bear flatten: Interest rates of all maturities rose, but short-end rates modestly more so as both the immediacy and depth of the anticipated rate-cutting cycle were scaled back. As such, the yield curve remained inverted over the course of Q2-24. For example, the 10-year US treasury bond yield remained at 30 to 45 basis points (bps) lower than that of the two-year bond yield, albeit at higher absolute levels for both. The weakest point (highest yields) for US treasuries overall was reached during April, which was the apogee of cyclically strong high-frequency data releases. Across the board, inflation measures surprised to the upside; job gains were the strongest they'd been for around a year; retail sales had another strong month; even the leading manufacturing indicators suggested a revival after struggling year-to-date. The net result was that long-dated US interest rates reached their temporary peaks in late April, nearly 100bps off their lowest points seen in the closing days of 2023.

The remainder of the quarter saw a partial walking back of the almost complete nullification of a near-term cutting cycle in the US. However, this process has been erratic, with elevated sensitivity to incoming data flow, and US interest rates exhibiting heightened volatility. Though recovering c.30bps from their peaks in late April, US yields still ended this quarter marginally higher than at the end of March. Nonetheless, the net result was a modest positive performance on the quarter for US treasuries overall, driven by interest returns (i.e., coupon payments).

And this stands in contrast to many of the other Developed Market (DM) sovereign bond markets. In Europe, movements in bond yields over the quarter were less prone to seismic changes in monetary policy expectations. The case for easing rates had been clearer all along in the eurozone and the ECB had provided consistent guidance. Indeed, June saw the first 25bps policy rate cut from the ECB taking the refinancing rate from 4.5% to 4.25% – a move that had been long anticipated. Rather, the dominant feature for euro area government bonds in Q2-24 was the precipitous rise of political risk above and beyond the long-standing ructions of the region. Central to this was the outcome of the European parliamentary elections in early June where far-right parties had their best results ever to collectively win nearly a quarter of the seats. This was particularly meaningful for France, where President Macron's party fared especially poorly, leading to the extremely unexpected calling of a snap parliamentary election in France. Markets rightly perceive elevated risk here, as a swing away from the current centrist government would likely entail a greater fiscal burden when France's deficit already exceeds the EU's borrowing limit. But it isn't just France. The potential for the European political backdrop to pivot meaningfully in the near term has grown as a consequence of developments in recent months. Up until the end of June, the net response had been for higher risk sovereign premia to be incorporated into most eurozone bond markets with the exception of a few smaller members, such as Croatia, Lithuania and Slovakia.

Among global inflation-linked bonds, the trend seen across the quarter was broadly uniform in most of the major DM inflation-linked markets. Real yields all ended up higher by the end of the quarter, led by short- to mid-maturity rates (3yr to 10yr), with less pronounced increases in long-dated real yields. Nonetheless, a fair degree of dispersion in total return outcomes over the quarter was seen, with the dollar bloc markets (New Zealand, Australia, the US and Canada) producing mostly strong positive performances, with much poorer outcomes across the rest of the G10, particularly in Japan and France, as real yields climbed meaningfully higher over the course of the quarter.

Within local currency Emerging Market (EM) bonds, a fairly wide dispersion of return outcomes was seen in Q2-24. The notable outlier to the upside was South Africa. Bonds here started Q2-24 on the back foot – the country index yield was above 12% – due to both external drivers as well as bearing an elevated risk premium in the face of impending national elections. An immediate relief response to the election outcome provided exceptional tailwinds to the local market. The other stand-out performer in this asset class was Turkey – again, for idiosyncratic reasons. Colombia and Mexico were the laggards here with both countries' bond markets producing negative returns over the quarter, even in local currency terms and despite high interest returns. What has become very evident in recent months is the increased importance of country-specific factors in driving varying performances within EM sovereign bond markets. This is an encouraging development, as the enhanced potential for security selection to prove fruitful naturally provides for a higher quality opportunity set and an improved ability to construct more robust portfolios.

Across hard currency EM bonds, broadly the opposite dynamic that was seen in Q1-24 played out over Q2-24. Whereas gains in Q1 were very heavily tilted towards outsized returns provided by a small number of previously maligned and exceptionally poor-quality issuers, these entities had some of these gains reversed in Q2. Zambia and Ghana were the interesting exceptions, as progress towards resolving their debt restructuring woes made headway. But overall, an allocation to short-dated, higher-quality sovereigns produced a modest but reasonable return, even as dispersion across this sub-component was quite elevated – in contrast to what was seen in Q1.

And finally – after multiple, successive quarters of excess returns – US corporate bonds slowed down in Q2-24. Investment grade bonds still managed to provide for positive excess returns in Q2. Still, these were the lowest seen since Q1-23. Total returns were outright negative, as losses on underlying Treasuries were impossible to circumvent. US high yield corporate bonds fared better. In the quarter, both excess and total returns remained positive. However, total returns were only fractionally positive and at their lowest levels since Q3-22.

Spreads in US corporate bonds have largely stabilised around their levels reached at the end of Q1-24. For the US Investment Grade (IG) Index, this was largely around the 90-95bps region. Note that the context for this spread level stands in stark contrast to that seen over 2022-23 (100-170bps). Indeed, prevailing spreads are essentially in line with those experienced at the very lowest levels achieved in the post-Covid recovery boom. The same is broadly true for lower-grade credits. The US High Yield Index spread experienced more volatility than its IG counterpart over the quarter, along with more significant weakness – but can broadly be construed as trading within a range aligned to the highly suppressed levels seen in 2021.

What was somewhat disappointing over Q2-24 was the aggregate performance of listed real estate. At a global level, this sector initially kept in line with the overall market during the first part of Q2 but gradually underperformed over the course of May and June. This was partially a result of differing sector performances, but the key point is that REITs didn't recover what had been eroded in Q1 when interest rate expectations had adjusted higher. Naturally, there was a fair degree of differentiation across markets. Still, the striking element across most geographies was that REITs haven't benefited much from a softening of monetary policy expectations in the last couple of months.

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 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 continued to find better opportunities to lighten up on spread product exposures over the course of the quarter than not. However, given that aggregate spreads were mostly stable – with patches of additional weakness for higher-yielding entities – the Fund's aggregate risk exposures were relatively similar at the end of Q2-24 when compared to Q1-24. Naturally, the composition of these exposures was modified as relative pricing adjustments encouraged recycling activity. In addition, as base rates sold off during the quarter, the Fund incrementally added interest rate risk to better position for the advent of monetary policy cutting cycles, especially in the US.

Portfolio managers
Nishan Maharaj and Seamus Vasey
as at 30 June 2024

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