CORONATION

GLOBAL BOND STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 MARCH 2025

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LONG TERM OBJECTIVE

The Coronation Global Bond Strategy is a fixed income strategy that invests in a globally diversified portfolio of fixed income and money market instruments of varying maturities. The Strategy aims to maximise total return in a manner which is consistent with the preservation of capital and prudent investment management.

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their fair value through extensive proprietary research. The fixed income portfolios are positioned on a long term strategic market view, but this is balanced by taking advantage of shorter-term tactical opportunities when the market lags or runs ahead of that strategic view. As active managers, we consider investment decisions across the full spectrum of potential return enhancers. These include duration and yield curve positions, inflation-linked assets as well as yield enhancement through credit enhanced assets. We aim to maximise returns by actively combining both a top-down and a bottom-up approach to portfolio construction.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	50.2%	10.9%	39.3%
Since Inception p.a.	2.7%	0.7%	2.0%
Latest 15 years p.a.	2.9%	0.9%	2.0%
Latest 10 years p.a.	2.5%	0.7%	1.8%
Latest 5 years p.a.	3.1%	(1.4)%	4.5%
Latest 3 years p.a.	2.2%	(1.6)%	3.8%
Latest 1 year	4.9%	3.0%	1.9%
Year to date	4.2%	2.6%	1.6%
Month	1.1%	0.6%	0.5%

CURRENCY EXPOSURE

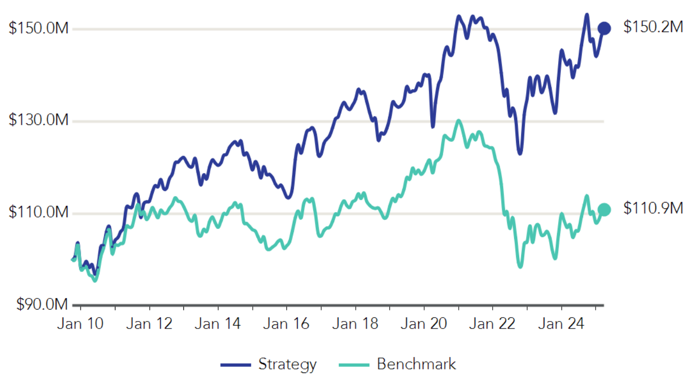
Currency	% Strategy
USD	40.9%
EUR	25.0%
JPY	13.2%
CNY	4.8%
AUD	3.7%
IDR	2.4%
KRW	2.1%
CLP	2.1%
ZAR	1.8%
GBP	1.3%
BRL	1.0%
Other	1.7%

GENERAL INFORMATION

Inception Date	01 October 2009
Strategy Size *	$30.3 million
Strategy Status	Open
Mandate Benchmark	Bloomberg Barclays Global Aggregate Bond TR Unhedged USD (LEGATRUU Index)
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: Bloomberg Barclays Global Aggregate Bond TR Unhedged USD (LEGATRUU Index)

ASSET ALLOCATION

Asset Type	% Strategy
Fixed Rate Government Bonds	54.6%
Fixed Rate Corporate Bonds	22.0%
Government ILBs	16.1%
Floating Rate Government Bonds	3.0%
Other	2.2%
Cash	1.4%
Floating Rate Corporate Bonds	0.7%

EFFECTIVE MATURITY PROFILE

Term	% Strategy
0 to 1 year	7.7%
1 to 3 years	14.3%
3 to 7 years	42.3%
7 to 12 years	25.5%
Over 12 years	10.2%

STRATEGY STATISTICS

Modified Duration (incl. inflation-linked bonds)	(62.5)
Modified Duration (excl. inflation-linked bonds)	(63.5)

PORTFOLIO MANAGERS

Nishan Maharaj - BSc (Hons), MBA

Nishan is Head of Fixed Interest at Coronation and a portfolio manager across all fixed interest strategies. He joined Coronation in 2012 has 21 years' investment experience.

Seamus Vasey - BCom (Hons), MSc, CFA

Seamus is a portfolio manager and analyst within the Fixed Interest investment unit with more than 20 years' investment experience. He manages assets within Coronation's specialist bond strategies. He also co-manages the Coronation Global Bond and Granite Hedge funds as well as the Global Strategic USD and Bond unit trust funds.

Steve Janson - BBusSc

Steve is a portfolio manager and analyst within the Fixed Interest investment unit, with 17 years' investment experience. Steve's current responsibilities include fixed income and property research responsibilities as well as co-managing the Coronation Active Bond Strategy and Coronation Bond unit trust fund.

REGULATORY DISCLOSURE AND DISCLAIMER

The Prospectus and a Summary of Investor Rights can be sourced on the following link: https://www.coronation.com/en/institutional/strategy-information/literature/.

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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 start of 2025 was the natural successor to the final months of 2024. Additional financial market volatility and increases in selective risk premia that had ensued following the US election in November were augmented and elevated as the new administration settled in. Indeed, the sheer volume and force of policy adjustments in the US – almost entirely by Executive Order – became the singular dynamic shaping market expectations in the US. And with a meaningful downstream impact across global markets more generally, given the breadth and reach of some of the prospective internal and foreign policy course changes enacted.

Against this backdrop, the Strategy delivered decent returns for the quarter, comfortably ahead of the benchmark.

Asset class performances

Arguably, cyclical macroeconomic developments played second fiddle to the unfolding political drama unleashed by the new US administration. Indeed, the most far-reaching threat posed by policy adjustments in the US came from tariffs – a new reality crystallised by the US government with trade reviews announced as one of the very first acts of the new President. And thereafter, practically every week, new developments arose informing the new paradigm of the US approach to foreign trade, all as an ominous preamble to the much-anticipated self-styled 'Liberation Day' at the start of Q2, which detailed a momentous reconfiguration of US/ global foreign trade relations. However, foreign trade adjustments were just one of the many policy vectors that experienced significant structural ructions over Q1.

There were two significant consequences of this elevated uncertainty and disruption. The first was a progressive and increasingly trepidatious hit to sentiment, especially in the US. Evidence of an erosion in confidence – whether across consumers, businesses, or investors – built up throughout the first couple of months of 2025 before sentiment plummeted around the start of the second quarter. Secondly, this turn in confidence alongside higher uncertainty influenced the conduct of monetary policy – not just at the Fed – but across the globe. Central bankers became a lot more focused on the deterioration of visibility, resulting in a greater emphasis on data dependency and serving mainly to stall many monetary easing cycles. Complicating the outlook were mixed signals from incoming data flow. Inflation showed evidence of stickiness across several key economies (especially in services) or the end of deflation/strong disinflation (mainly in core goods). But evidence of a pick-up in trade and manufacturing activity – globally – wasn't easy to interpret. This step-up in growth could well be a precautionary shifting of activity prior to potential trade restrictions in the future. Hence, signs of reasonable life across a wide swathe of sectors could instead prove to have been a displacement of future activity before a policy-induced slump.

US rates were initially anchored by the Fed's swing to caution – the FOMC left rates unchanged over the quarter (4.25-50%), interrupting what would have been a continuation of the pre-existing easing path. Longer-term interest rates initially experienced further weakness at the start of the year as fiscal concerns weighed. However, with disintegrating soft data in the US and progressively increasing fears about the growth impact of the new administration's policies, a turn to defensive assets such as Treasuries became the heftier influence. US Treasury yields ended lower across the curve over the quarter (e.g. US 10yr from c. 4.55% to 4.20%), although curve steepness remained very much intact. Among the world's major bond markets, US Treasuries were the only yields to see net declines over the quarter.

Global bond yields were naturally influenced by the ground-shifting policy shifts that emanated from the US over the quarter, practically on a daily basis. However, internal dynamics within many of the major bond markets were also especially noteworthy in the first few months of the year. In Europe, the schism in security matters between the US and the continent and the subsequent shift in potential defence (& infrastructure) spending prompted a revaluation of long-term interest rates in the Euro-Zone. Germany's 10-year yields started the quarter at their lows (c.2.4%) before peaking in March close to 3.0%. In Japan, a continuation of the central bank's monetary policy normalisation drive (the BoJ hiked rates in January) and elevated inflation kept long-term rates on a steady upward climb for the entire quarter. In local terms, the best-performing major bond market in Q1 was the US (+2.9%), followed by Canada (+2.1%) and Australia (+1.2%). The worst performers were Denmark (-2.7%), Japan (-2.4%) and the Netherlands (-2.1%).

For global inflation-linked bond markets over Q1, the impetus was broadly the same as that seen in their nominal counterparts. The US experienced a decline in real yields; the 10-year real yield started the year around 2.25% before closing the quarter around 1.85%. Conversely, most other DM linker markets saw an upward drift in real yields over the first three months of the year. Most break-even levels were broadly within their ranges over the course of Q1; more of an upward bias was seen across Continental European markets.

The aggregate Emerging Market hard currency bond market had a somewhat pedestrian quarter overall in total return terms (+2.2%). And for once, this was actually achieved through relatively sparse dispersion. The performance of investment grade (IG) bonds in this universe was +2.8%, while lower for sub-IG sovereigns at +1.7%. There was no real sustained theme across the curve in the index, with the best-performing maturity bucket being the belly (5-7 year cohort), returning +3.1%. On aggregate, the index spread rose 24bps on the quarter, while the outright yield closed at 7.8%, down 9bps.

For local currency Emerging Market bonds, Q1 had a reasonable outcome (+4.3% in USD terms, unhedged), although this wasn't sufficient to undo the sharp draw-down (-7%) of Q4 2024. In local currency terms, the best-performing markets were Mexico (+7.1%), Brazil (+5.4%) and Uruguay (+3.2%), while the worst were Turkey (-2%), China (-0.7%) and Hungary (-0.5%). Taking into account currency movements – in a quarter that found the US dollar almost universally on the back foot – improves country returns across the board, with only a couple of outliers (like Turkey). Here, the returns seen from Brazil (+13.7%) and Mexico (+8.8%) were especially impressive. In the case of Brazil, the central bank's intervention in the currency, a higher policy rate (+100bps), and some movement from the government towards an improved fiscal stance all helped produce the standout performance.

Global spread markets were a somewhat mixed bag over the bulk of the quarter. In the US, investment grade (IG) bonds very modestly lost ground in total return terms (-0.3%), but even more so in excess return terms (-0.9%), as spreads slipped higher. The best place to be in this market was in the shorter-dated buckets, which saw modest total performance gains in the quarter even as spreads widened here, as the market started pricing in the need for sharp and substantial monetary easing in the face of growth-destructive policy developments. What turned out to be a much more challenging period for High Yield (HY) bonds actually started firmly on the front foot. The US HY market started the year with spreads around 300bps (already highly suppressed from a historical perspective), but this crunched in even lower to a tight of c. 260bps during January. Incidentally, the prior low for the same market measure was c.240bps – mere months before the onset of the Global Financial Crisis in 2007. However, from mid-February into the close of the quarter and beyond, HY spreads began widening precipitously. The net result was an excess return of -1.3% - the first negative quarter since Q2 2022 – although total returns were still positive at +0.9%, a decent outcome despite everything. European HY experienced a similar pattern over the quarter, albeit more muted (excess return: +0.3%; total return: +0.6%).

The first quarter really only had one primary FX theme: the weakness of the US dollar across the board. Among G10 currencies, only the Canadian dollar lost ground against the greenback (-0.02%), while the best performers in this peer group were the Swedish krone (+10.3%) and Norwegian krone (+8.3%). There were a few more losers among EM currencies in Q1 against the USD – notably the Indonesian rupiah (-2.8%), Argentinian peso (-3.9%) and Turkish lira (-6.8%). The Brazilian real was the standout winner here, gaining a decent +8.3%.

Strategy activity

Overall, the Strategy continued to emphasise defensiveness rather than building assertive risk positions during Q1. Once again – in keeping with prior months – the Strategy found better opportunities to exit more richly valued credit allocations than accumulate reasonably priced assets. In terms of interest rate risk, the Strategy modestly accumulated duration over the course of the quarter, in particular closing some of the relative short positions in Japan that the Strategy had held for multiple years. This as JGBs experienced persistent weakness over the past few months, and excessive levels of overvaluation were shaved away. In FX risk, the Strategy largely stuck to its strategic positioning, even as currency movements over the quarter were elevated in a few instances.