

CORONATION GLOBAL STRATEGIC USD INCOME PRESIDENT FEEDER AMETF

Fund Information as at 30 September 2024

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 average duration in the fund will typically not exceed three years.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



Maximum growth/ minimum income exposures



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.

This feeder fund aims to remain fully invested in units in the offshore domiciled Global Strategic USD Income Fund. The only other assets that will be held at feeder fund level are local and foreign cash holdings for liquidity purposes.

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 0.50% is payable.

The full annual fee is collected in the master fund. Fund expenses that are incurred in the fund include administrative, trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

We do not charge any 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

| | |
|----------------------------|---|
| Investment Manager | Coronation Asset Management (Pty) Ltd |
| Management Company | Prescient Management Company (RF) (Pty) Ltd |
| Liquidity provider | Prescient Securities (Pty) Ltd |
| Launch Date | 8 August 2024 |
| Benchmark | Secured Overnight Financing Rate (SOFR) |
| ASISA Fund Category | Global – Multi-asset – Income |
| Income Distribution | Annually (March) |
| Bloomberg Code | COUSDI SJ |
| ISIN Code | ZAE000337168 |
| JSE Code | COUSDI |
| Base currency | ZAR |
| Exchange | JSE |

As at 30 September 2024

| | |
|---------------------|-------------------------------|
| ASISA Fund Category | Global - Multi-Asset - Income |
| Launch date | 8 August 2024 |
| Fund size | R1.02 Million |
| NAV | 950.54 cents |
| Benchmark | SOFR |
| Portfolio manager/s | Nishan Maharaj & Seamus Vasey |
| Number of units | 107127 units |

| | | |
|------------------------------|---|---|
| Total Expense Ratio | 1 Year* | 3 Year* |
| Fund management fee |  |  |
| Fund expenses | | |
| VAT | | |
| Transaction costs (inc. VAT) | | |
| Total Investment Charge | | |

PERFORMANCE AND RISK STATISTICS

Performance and Risk Statistics will be available 12 months after launch.

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

| | % of Fund |
|--|---------------|
| Developed Market (Investment Grade) | 80.4% |
| Fixed Rate Bonds | 23.3% |
| Floating Rate Bonds | 47.1% |
| Inflation-Linked Bonds | 10.1% |
| Emerging Market (Investment Grade) | 7.6% |
| Fixed Rate Bonds | 6.3% |
| Floating Rate Bonds | 1.3% |
| Developed Market (High Yield) | 0.8% |
| Emerging Market (High Yield) | 2.3% |
| Convertibles and Hybrids | 4.2% |
| Listed Property | 1.3% |
| ETF | 0.2% |
| Cash & Money Market | 3.2% |
| Total | 100.0% |

ASSET ALLOCATION BY ISSUER TYPE

| | % of Fund |
|----------------|---------------|
| Corporations | 58.4% |
| Sovereigns | 37.0% |
| Cash | 2.8% |
| Multi-National | 0.4% |
| REITS | 1.3% |
| Total | 100.0% |

ASSET ALLOCATION BY RATINGS BAND

| | % of Fund |
|----------------------|---------------|
| Investment Grade | 91.4% |
| Sub-Investment Grade | 3.3% |
| Other instruments | 5.3% |
| Total | 100.0% |

TOP 5 ISSUER EXPOSURE

| | % of Fund |
|----------------------|-----------|
| US Treasury | 31.9% |
| Government of Mexico | 4.1% |
| JP Morgan | 3.1% |
| Banco Santander | 2.9% |
| Morgan Stanley | 2.6% |

INCOME DISTRIBUTIONS

Not available - New fund

*TER's not yet available. Please refer to page 4 for more information.

Please refer to page 4 of the Comprehensive Fact Sheet for important additional information, including change in cost disclosures.

Please note that the commentary is for the US dollar retail class of the Fund. The feeder Fund is 100% invested in the underlying US dollar Fund. However, given small valuation, trading and translation differences for the two Funds, investors should expect differences in returns in the short term. Over the long term, we aim to achieve the same outcome in US dollar terms for both Funds.

The last moments of the third quarter of 2024 (Q3) saw a powerful convergence of factors, with the potential to extend many of the positive tailwinds seen in Q2. Global monetary easing has taken hold in a conclusive manner, but still largely motivated by increased confidence in a more benign inflation outlook, rather than a deleterious collapse of economic activity. There is also the potential that stimulus efforts in China – a key missing global growth engine – may be escalating to a more meaningful level in the months ahead. And through the combination of gradually slowing global growth and pressures easing in certain core commodity markets, near-term inflationary pressures, and the relaxation of an externally driven squeeze on consumer incomes may find further expression over the remainder of the year. If so, these ingredients for 'moderation', may well lend themselves to the extension of a favourable backdrop for global fixed income markets.

Against this backdrop, the Fund returned 2.26% for the quarter against the benchmark return of 1.53%. Since inception, the Fund has returned 2.51% compared to a benchmark return of 1.69%.

Asset class performances

If the second quarter was a period of elevated focus on the inflation trajectory in the US, then Q3 was defined by a concentrated emphasis on growth. A series of high frequency activity disappointments, but also successive reports suggesting accumulating labour market weakness, rejuvenated fears of a US recession. The data softness in the US wasn't universally broad-based, although manufacturing continued to lose momentum – a global phenomenon – and housing markets largely stagnated.

Together with an overall picture of continued disinflation, the Federal Reserve (the Fed) found it easier to shift emphasis from one of concern around whether consumer price inflation would continue to moderate to it guarding against the risks of a sharper growth downturn. This was communicated by the Fed over July and together with a concurrent string of weaker data paved the way for the much-anticipated inaugural US rate cut at the September FOMC meeting. While the first cut of the cycle was an assertive 50 basis points (bps) decrease, this was accompanied by the Fed Chairman making it clear that this wasn't necessarily the pace of future rate declines. Nonetheless, by the end of the quarter, markets were anticipating a terminal policy rate of somewhere between 2.75-3.00% by end 2025 – c. 100bps lower than at the start of Q3 and occurring substantially sooner than previously priced.

US rates fell substantially over the course of Q3. The yield curve bull steepened as short-dated interest rates fell significantly more than long-dated rates, initially in anticipation of the increasingly imminent start to the US cutting cycle but then spurred on by the larger-than-anticipated 50bps cut. After reaching a YTD peak of c. 4.7% in Q2, the 10-year US Treasury yield reached recent lows of c. 3.6% during September. Long maturity yields responded less intensively, and the yield curve steepened: 30-year US Treasury yields ended the quarter around 35bps higher than the 10-year point when the range earlier in 2024 had been largely 10-15bps.

Across the rest of the Developed Market (DM) bond markets, a similar picture materialised in Q3, although outright yield declines were the largest in the US. The market with the smallest yield declines in long-term rates was Japan. Here, a monetary policy cycle at odds with much of the rest of the world was primarily responsible. Otherwise, greater alignment in interest rate cycles across core DM central banks and mostly co-operative inflation trends allowed for considerable correlation across DM bond markets during Q3. Rate cutting hold outs, like Norway and Australia, saw their bond markets trailing the gains seen elsewhere. In the eurozone there was a fair degree of country differentiation, with the 'periphery' (Greece, Italy, Portugal, and Ireland) outperforming core Europe (Germany, France) by meaningful margins. The UK had one of the poorer relative bond outcomes in Q3, mostly as a consequence of pre-Budget fiscal concerns re-emerging.

Global inflation-linked bond markets also had strong performances over Q3. Interestingly however, the best performing DM market here was Japan – a combination of firm inflation providing good contemporary accrual and a relatively modest pick-up in real yields. In contrast, US TIPS were the weakest of the DM inflation-linked markets even as good absolute returns were made. US real yields made their way to c. 1.5% by quarter-end (c. 2% for longer-dated) – lower than seen over the rest of 2024, but still elevated in the context of the post-GFC period.

Within Emerging Market (EM) bonds, the hard currency complex provided an aggregate three month return of c. 6%, of which c. 5% came from underlying base rate movements and the rest from spread compression. Returns improved further out along the yield curve, with the 10+ year sub-component achieving a total return of c. .8%. It was also the case that the weakest quality credits performed the best, with C-rated sovereigns having their credit spread compression contributing c. 300 bps to overall returns – a stark contrast to the highest quality EMs (A-rated), where credit compression barely added to overall returns.

For local currency EM bonds, a very strong outcome of c. +9.5% for the overall market was seen. Of note, currency performances out did those of the underlying bond markets themselves. Indeed, it was a particularly weak period for the US dollar overall, including against

other DM currencies. Renewed fears of US recession, an assertive start to the US rate cutting cycle and the yen carry-trade episode during July all worked against the US dollar, while geopolitical unrest, continued Chinese economic weakness and rumbling global trade tensions weren't enough to provide for an offset. Further assistance to EM local bonds came from monetary easing within these economies (with very few mainstream exceptions, like Brazil). However, unlike in DM economies, there really were fewer major surprises and shifts in market pricing of policy trajectories across EMs in Q3. The top performing markets in local currency terms were SA (+10.9%), Chile (+7.9%), and Peru (+6.8%). When including FX returns, the best markets were South Africa (+21%), Malaysia (+16.2%), and Indonesia (+13%). Uruguay (-4%) and Mexico (-1.6%) were the only negative markets overall, allowing for the strongest overall performance in local EM debt for at least the last 14 quarters.

For the most part, global spread markets ended the quarter broadly around their starting levels. However, there was a short-lived period of sharp weakness in the first couple of weeks of August, as several systemic level influences blossomed around the same time to promote a sharp retraction of risk appetite across global financial markets. It didn't take long before these fears subsided, prompting a full recovery in spread markets. In total return terms, corporate credit markets performed strongly during Q3, although this was almost entirely due to declines in base interest rates. For example, the US Investment Grade (IG) market returned c. 6%, while US High Yield (HY) returned c. 5.2% – modestly trailing on account of being a lower duration market. In spread terms, the US IG market closed the quarter at around 90bps, while the US HY spread was just above 300bps. These are very suppressed levels from an historical perspective.

Listed real estate markets, almost without fail, had a strong quarter. A combination of reasonable reporting periods and trading updates, together with more assertive easing cycles being priced across most markets, incited both earnings upgrades and a more favourable interest rate outlook for a particularly rate-sensitive sector. The FTSE/EPRA NAREIT Global Index returned an exceptional c. +16% for the quarter alone, taking the one-year total return to c. +30%. While some of this result is flattered by the tailwinds provided by a weaker US dollar, the firm fundamental underpin seen across the key component markets was unambiguous.

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.

Over the course of the quarter, the Fund found plentiful opportunities to sell particularly expensive credits that had performed strongly, and which were not deemed to have sufficiently attractive remaining return for the underlying credit and/or market risk of the exposure. However, the generalised episode of risk aversion that occurred (very briefly) around the start of August did provide a good period to cautiously replenish aggregate credit exposure through particular securities that were seen as better value than had been available for several months. Note that the patch of weakness was neither particularly extensive nor long-lasting and impacted sectors and issuers rather unevenly. As such, the re-accumulation of credit risk within the Fund during this period was cautiously executed. While the episode provided pricing opportunities not seen for several months, the more important consideration was that even these 'cheaper' access levels were still fundamentally stretched on an absolute basis, hence the degree of caution exercised.

A more straightforward adjustment undergone by the Fund over the quarter lay with its interest rate risk. As monetary policy expectations in the US – but also in other markets – deepened progressively and extensive easing cycles were re-priced into the short end of yield curves, removing some of this exposure was the appropriate course of action. While the potential for exactly the depth and pace of easing by the Fed, ECB and BoE is undoubtedly feasible, this does imply a degree of economic stress that isn't strongly represented in current data and remains more of an adverse scenario. As such, allowing the Fund to be overly reliant on a 'hard landing' outcome isn't an attractive proposition at current pricing, hence the slow and steady curtailment of interest rate risk within the Fund over the quarter.

Portfolio managers

Nishan Maharaj and Seamus Vasey
as at 30 September 2024

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL STRATEGIC USD INCOME PRESCIENT FEEDER AMETF

Collective investment schemes (CISs) should be considered as medium to long-term investments. The value of units may go down as well as up, and therefore Prescient 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 investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest-bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change. 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. A feeder fund invests in a single fund of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund. 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. The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the Association for Savings and Investments South Africa. The Management Company 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. The Manager retains full legal responsibility for any third party-named portfolio. CISs are allowed to engage in scrip lending and borrowing. Standard Bank has been appointed as trustees for the fund. Prescient is a full member of the Association for Savings & Investment SA (ASISA). Exchange Traded Funds vs Unit Trusts: Whilst both unit trusts and ETFs are regulated and registered under the Collective Investment Schemes Control Act, ETFs trade on stock exchanges just like any other listed, tradable security. Unlike a unit trust, which can be bought or sold only at the end of the trading day, an ETF can be traded intraday, during exchange trading hours. Exchange traded funds are listed on an exchange and may incur additional costs. This portfolio operates as a white label fund under the Prescient ETF Scheme, which is governed by the Collective Investment Schemes Control Act.

Management Company: Prescient Management Company (RF) (Pty) Ltd **Registration number:** 2002/022560/07 **Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 **Postal address:** PO Box 31142, Tokai, 7966. **Telephone number:** 0800 111 899 **E-mail address:** info@prescient.co.za **Website:** www.prescient.co.za.

Trustee: Standard Bank of South Africa Ltd **Registration number:** 1962/000738/06 **Physical address:** Standard Bank Centre, 5 Simmonds Street, Johannesburg, South Africa 2001 **Telephone number:** 0860 222 050 **Website:** www.standardbank.co.za

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

CISs are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

As this is a new fund the fact sheet does not include performance information yet. Once performance information is available the following will apply: Performance is calculated by using net NAV to NAV numbers 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 and are available to investors on request. 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 the Secured Overnight Financing Rate (SOFR).

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available. 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 the manager's website: www.prescient.co.za.

IMPORTANT INFORMATION REGARDING TERMS OF USE

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.

The fund has adhered to its policy objectives.