

Coronation Global Managed (ZAR)



Gavin Joubert

**Please outline your investment strategy and philosophy for the fund.**

The Coronation Global Managed (ZAR) fund was launched in October 2009 and provides investors with access to the best investment ideas from around the world, with the aim of maximising long-term capital growth. It blends individual asset selection with limited exposure to some of the best global investment managers to reflect Coronation's view across asset classes, regions and currencies. The intent is to remain fully invested in foreign assets. The fund will hold its exposure to foreign assets in a variety of currencies, primarily the US Dollar, British Pound, Euro and Japanese Yen. Our objective is to outperform the global markets as measured by the MSCI World/Bond composite benchmark over a three- to five-year period.

**What are your top five holdings at present?**

As at 31 July, the fund's top five holdings include:

- Safeway Inc (3.6 per cent of fund)
- Great Wall Motor Company Ltd (3.6 per cent of fund)
- Vodafone Group Plc (3.2 per cent of fund)
- Microsoft Corp (2.6 per cent of fund)
- Heineken Holdings Ltd (2.4 per cent of fund)

**Who is the fund appropriate for?**

The fund is suitable for the following investors:

- Those who want managed exposure to offshore markets.
- Those who are over-exposed to South African investments and seek to diversify their portfolios into a growth-oriented multi-asset offshore fund.
- Those seeking exposure to foreign asset markets to access a broader opportunity set.
- Investors aiming to better match their existing investment portfolios to their expected future liabilities that are priced in foreign currency terms (examples include healthcare and energy costs).
- Those seeking additional foreign exposure without using their offshore allowance.\*

\*Coronation also manages a Dollar-denominated version of this fund that was launched in March 2010. The Dollar fund is appropriate for investors who are seeking to utilise their annual offshore allowance of R4 million.

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**How have you positioned the fund for 2011?**

We currently view global equities, particularly developed market equities, to be the most attractive asset class by far and the fund's equity exposure of around 70 per cent as at 31 July 2011 reflects this fact. As reference points, we would expect the average equity exposure over a five-year cycle to be around 65 per cent and the maximum equity exposure to be 75 per cent. After 10 years of global share prices being flat (at a time when earnings have grown significantly), valuations have contracted and as a result investors can buy very high quality US or global businesses on very attractive ratings. Besides global equities, we also feel that a number of listed property stocks are attractive and have around 6.5 per cent of the fund invested in largely Asian property. We believe government bonds around the world have benefited from a flight to safety and as such are overvalued. However, a small portion of the fund is invested in selected corporate bonds where we feel the yield compensates one for the risk of derating.

**Please provide some information around the individual/team responsible for managing the fund.**

The fund is managed by Gavin Joubert. Gavin is head of Coronation's emerging markets team and has 14 years' experience as an investment analyst and portfolio manager. He has managed a range of South African equity and balanced funds and currently co-manages Coronation's range of emerging market funds. Prior to joining Coronation in 1999, he qualified as a chartered accountant with Ernst & Young and worked for Merrill Lynch and CSFB in London. He also holds a CFA qualification.

**Please provide performance of the fund over one, three and five years (please include benchmark).**

Performance for various periods in USD as at 31 July 2011.

	Fund	Benchmark	Outperformance
Since inception (un-annualised)	20.2%	18.4%	1.8%
Since inception (annualised)	11.1%	10.1%	1.0%
Latest one year (annualised)	16.3%	15.2%	1.1%
Year to date	5.7%	4.8%	0.8%

**Please outline fee structure of the fund.**

The fund's maximum annual management fee is 3.00 per cent. If the fund produces a return in line with or below the benchmark for the relevant 12-month period, the minimum fee of 1.35 per cent will be charged.

