

# CORONATION GLOBAL OPPORTUNITIES EQUITY FUND

Fund Information as at 31 December 2017

## WHAT IS THE FUND'S OBJECTIVE?

Global Opportunities Equity seeks to give investors access to some of the best fund managers across the globe. Our intent is to outperform its benchmark over any five year period.

## WHAT DOES THE FUND INVEST IN?

Global Opportunities Equity is a multi-manager fund which invests in a limited number of strategies (funds and segregated mandates) managed by top-quality managers that mainly have exposure to shares in developed markets. It is also mandated to include some exposure to emerging markets.

Typically, six to ten strategies are included. Each strategy is selected based on its long-term track record of outperforming the market, its investment philosophy and the quality of its fund managers.

The fund is mandated to use derivative instruments for efficient portfolio management purposes.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Global Opportunities Equity invests in equity funds that mostly cover developed markets, including the US, Europe and Japan.

The fund is well-diversified; it has exposure to a range of different countries, industries and fund manager styles. The fund managers included in the fund are well-established and have been rigorously researched and vetted.

While we have a disciplined approach to carefully balance the risks across the different funds, shares can be volatile investments and there is a meaningful risk of capital loss over the short term. Global currency movements may intensify investment gains or declines.

## HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 years or more is therefore ideal. It is not suitable as a single investment for investors who need to preserve their capital over five years or less.

## WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- want exposure to some of the world's top equity funds as part of a diversified investment portfolio;
- accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- are overexposed to South Africa and require an international investment;
- do not require an income from their investment

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.35% 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](http://www.coronation.com).

## WHO IS THE FUND MANAGER?



**TONY GIBSON**

BCom

## GENERAL FUND INFORMATION

Launch Date	12 May 2008
Class	A
Class Type	Accumulation
Fund Domicile	Ireland
Morningstar Fund Category	Global – Large Cap Blend – Equity
Currency	US Dollar
Benchmark	MSCI All Country World Index
Investment Minimum	US\$15 000
Bloomberg	CORWDEA
ISIN	IE00B2RGGV79
SEDOL	B2RGGV7

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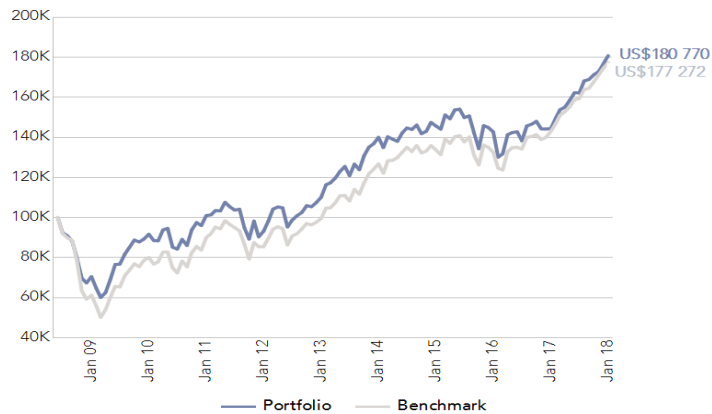
CLASS A as at 31 December 2017

Launch date	12 May 2008
Fund size	US\$ 2.36 billion
NAV	17.95
Benchmark/Performance	MSCI All Country World Index
Fee Hurdle	
Portfolio manager/s	Tony Gibson

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	2.20%	2.57%
Adjusted for out/(under)-performance	1.35%	1.35%
Fund expenses	-	0.02%
VAT	0.85%	1.20%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.13%	0.07%
	2.33%	2.64%

## PERFORMANCE AND RISK STATISTICS

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



## PORTFOLIO DETAIL

### GEOGRAPHIC ASSET ALLOCATION EXPOSURE

	31 Dec 2017
<b>Equities</b>	<b>82.4%</b>
Global (9 Funds)	82.4%
<b>Equity futures</b>	<b>17.2%</b>
<b>Cash</b>	<b>0.4%</b>

## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	80.8%	77.3%	3.5%
Since Launch (annualised)	6.4%	6.2%	0.2%
Latest 5 years (annualised)	10.4%	12.2%	(1.8)%
Latest 3 years (annualised)	7.5%	9.8%	(2.4)%
Latest 1 year	25.2%	24.0%	1.2%
Year to date	25.2%	24.0%	1.2%

## TOP 5 HOLDINGS

As at 31 Dec 2017

Egerton Capital
Contrarius Global Equity Fund
Coronation Global Emerging Markets Fund
Maverick Capital Fund
Tremblant Capital

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.2%	16.4%
Sharpe Ratio	0.40	0.36
Maximum Gain	47.6%	30.8%
Maximum Drawdown	(39.9)%	(49.8)%
Positive Months	61.7%	62.6%

	Fund	Date Range
Highest annual return	50.0%	Apr 2009 - Mar 2010
Lowest annual return	(23.5%)	Jun 2008 - May 2009

## MONTHLY PERFORMANCE (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2017	3.6%	2.8%	0.8%	2.2%	2.4%	(0.1)%	3.7%	0.5%	1.4%	0.9%	2.2%	2.3%	25.2%
Fund 2016	(8.8)%	1.3%	7.2%	0.8%	0.3%	(3.2)%	5.3%	0.6%	1.0%	(2.5)%	(0.1)%	0.2%	1.2%
Fund 2015	(1.1)%	4.9%	(1.3)%	3.0%	0.2%	(2.7)%	0.5%	(5.7)%	(5.5)%	8.6%	(0.7)%	(1.5)%	(2.0)%
Fund 2014	(3.6)%	4.0%	(0.9)%	(0.8)%	3.1%	1.7%	(0.5)%	1.5%	(2.9)%	0.8%	3.1%	(1.2)%	4.0%
Fund 2013	5.6%	0.9%	2.0%	2.8%	2.0%	(3.6)%	4.8%	(2.2)%	5.6%	3.3%	1.3%	2.3%	27.2%

***Please note that the commentary is for the retail class of the fund.***

The fund advanced 5.6% for the quarter against the benchmark return of 5.7%. This brings the fund's one-year performance to 25.2% compared to the 24.0% returned by the MSCI All Country World Index.

Global equity markets finished 2017 on a strong note, with the MSCI World Index delivering a return of 5.7% for the quarter. Strong economic growth underpinned the market with estimates that the global economy expanded at a rate of 3.3% over the past six quarters, which is the best period of sustained growth recorded since the 2008 credit crisis. The US economy is strong and the gradual tightening in monetary policy will now be offset by tax cuts which are expected to boost investment and growth in the medium term. Europe and Japan have both accelerated recently and all signs are that the global economy is carrying strong momentum into 2018.

Japan was the best performing region this quarter, rising 8.5% (in US dollar terms). The weakest return came from Europe, which rose 2.3% (in US dollar terms). The Pacific ex-Japan region returned 7.1% (in US dollar terms) and North America rose 6.4%. Emerging markets advanced 7.1% (in US dollar terms). The fund continues to be overweight North America, underweight Europe and Japan and overweight emerging markets

Amongst the global sectors, information technology (+8.1%), materials (+7.6%) and energy (+5.9%) generated the best returns. The worst performing sectors were utilities (-1.0%), healthcare (+0.6%) and telecommunications (+0.9%). On a look-through basis, the fund benefited from its overweight position in information technology and consumer discretionary and its underweight position in utilities and telecommunications. Its underweight positions in energy and materials detracted from performance.

In general, the underlying managers had a weak quarter although two of our holdings (Lansdowne Developed Market Strategy and Contrarius Global Equity) delivered very strong returns over the period.

Egerton lagged the index this past quarter, but has otherwise had a very good year. Detractors include Ryanair, which declined 8% due to issues relating to cancellations and pilot strikes, and Charter Communications, which also declined 8% after losing more customers than expected. Low exposure to resources also held the fund back.

Coronation Global Emerging Markets Fund also had a difficult quarter. Magnit, the Russian retailer, declined 33% after an equity raise, while X5, a competitor to Magnit, declined 16%. Ctrip (Priceline/Expedia) fell 16%. The fund did have some good performers including Porsche, which rose 29% after the dismissal of long outstanding lawsuits against the company, and Chinese insurers PingAn (+36%) and AIA Group (+16%) which benefited from a relaxation in regulations. These were not sufficient to offset the detractors though.

Maverick Capital and Tremblant Capital also closed the quarter behind the index. Maverick was again held back by its healthcare exposure after the industry recorded another poor earnings quarter. Tremblant held Unicredit (-14%), Tile Shop (-24%) and Telefonica Deutschland (-11%).

Contrarius and Lansdowne both generated strong alpha for the quarter. Contrarius benefited from its large weighting to energy and materials companies, while Lansdowne benefited from exposure to airlines and banking stocks.

#### Outlook

Global growth is strong and a key consideration for 2018 will be whether inflationary pressures that could arise from such growth will curb the pace of expansion. A recent Bloomberg survey indicated that consensus was for little or no acceleration in global inflation. Monetary policy is expected to remain benign with markets anticipating two to three rate hikes by the US Federal Reserve in the medium term. The ECB has already guided that its quantitative easing programme will last until at least September 2019 and that rates will be on hold until well past this date. The Bank of Japan, in turn, is not looking to change its relaxed monetary policy any time soon. It would be prudent to watch closely for any surprises on the upside that may modify these positions.

**Portfolio manager**  
**Tony Gibson**  
as at 31 December 2017

### IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL OPPORTUNITIES EQUITY FUND OF FUNDS

The Global Opportunities Equity Fund of Funds should be considered a 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. A fund of funds invests in collective investment schemes that levy their own fees and charges, which could result in a higher fee structure for this fund. 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 Services Board of South Africa. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider.

Northern Trust Fiduciary Services has been appointed as the fund's trustees ([www.northerntrust.com](http://www.northerntrust.com); t: +353-1-542-2000), and its custodian is JP Morgan Administration Services (Ireland) Limited ([www.jpmorgan.com](http://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) one day prior to the dealing date. You can expect to receive withdrawal payouts three 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.

### 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. 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 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 September 2017 (updated annually). The 3 year TER is for a rolling 36-month period to the last 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 advisor, advice fees are contracted directly between you and the advisor. We will facilitate the collection of advice fees only upon receiving your instruction, up to a maximum of an initial fee of 3.00% and an ongoing fee of 1.00% per annum (where an initial advice fee of more than 1.50% is selected, the maximum annual advice fee that we will collect is 0.50%). Advice fees are usually collected through the redemption of units. You may cancel the instruction to facilitate the payment of advice fees at any time. Advisors will only share in Coronation fees subject to prior approval by and/or disclosure to the investor. A portion of Coronation's annual management fee may be paid to administration platforms such as Linked Investment Service Providers (LISPs) as a payment for administration and distribution services.

### 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](http://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.

### IMPORTANT INFORMATION REGARDING TERMS OF USE

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