

# CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

Fund Information as at 31 May 2018

## 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.

This feeder fund aims to remain fully invested in units in the offshore domiciled Global Opportunities Equity 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 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 0.85% is payable.

Of the annual fee, 0.40% is collected at feeder fund level, while the balance of the fee is collected in the master fund.

The component of the fund fee charged at feeder fund level is subject to VAT. Fund expenses that are incurred in the fund include annual fees paid to unconnected underlying fund managers, 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](http://www.coronation.com).

## WHO IS THE FUND MANAGER?



**TONY GIBSON**  
BCom

## GENERAL FUND INFORMATION

<b>Launch Date</b>	1 August 1997
<b>Fund Class</b>	A
<b>Benchmark</b>	MSCI All Country World Index
<b>Fund Category</b>	Global – Equity – General
<b>Regulation 28</b>	Does not comply
<b>Investment Minimum</b>	R5 000 or R500/m debit order
<b>Bloomberg Code</b>	CORINFF
<b>ISIN Code</b>	ZAE000019774
<b>JSE Code</b>	CNIG

# CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

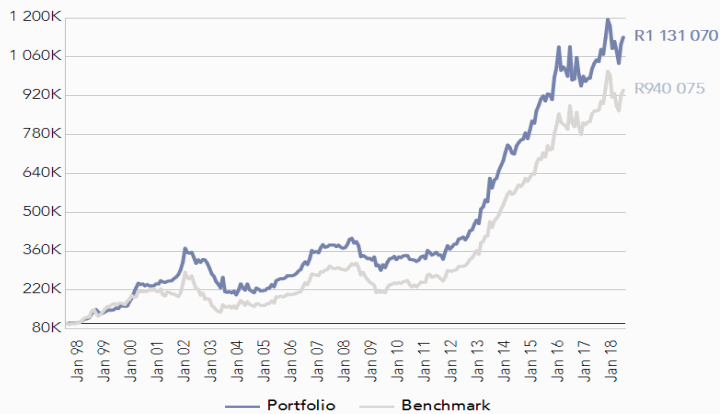
CLASS A as at 31 May 2018

Fund category	Global - Equity - General
Launch date	01 August 1997
Fund size	R 6.87 billion
NAV	10484.55 cents
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	2.67%	2.39%
Adjusted for out/(under)-performance	1.37%	1.36%
Fund expenses	-	0.03%
VAT	1.23%	0.92%
Transaction costs (inc. VAT)	0.07%	0.07%
Total Investment Charge	0.07%	0.08%
	2.74%	2.47%

## PERFORMANCE AND RISK STATISTICS

### GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



## PORTFOLIO DETAIL

### GEOGRAPHIC ASSET ALLOCATION EXPOSURE

	31May2018
<b>Equities</b>	<b>92.4%</b>
Global (8 Funds)	92.4%
<b>Equity futures</b>	<b>7.4%</b>
<b>Cash</b>	<b>0.2%</b>

## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) - ZAR RETURNS

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1031.1%	840.1%	191.0%
Since Launch (annualised)	12.3%	11.4%	1.0%
Latest 20 years (annualised)	11.9%	10.7%	1.1%
Latest 15 years (annualised)	10.1%	12.2%	(2.1)%
Latest 10 years (annualised)	11.1%	11.5%	(0.4)%
Latest 5 years (annualised)	12.7%	15.0%	(2.4)%
Latest 3 years (annualised)	7.1%	9.6%	(2.4)%
Latest 1 year	7.8%	8.6%	(0.8)%
Year to date	3.7%	2.7%	1.0%

## TOP 5 HOLDINGS

### As at 31 Mar 2018

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

## PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) - USD RETURNS

	Fund	Benchmark	Active Return
Since Launch (unannualised)	309.4%	241.0%	68.4%
Since Launch (annualised)	7.0%	6.1%	0.9%
Latest 15 years (annualised)	6.8%	8.8%	(2.0)%
Latest 10 years (annualised)	5.6%	5.9%	(0.3)%
Latest 5 years (annualised)	7.6%	9.8%	(2.2)%
Latest 3 years (annualised)	5.7%	8.0%	(2.3)%
Latest 1 year (annualised)	12.2%	11.8%	0.4%
Year to date	0.9%	0.1%	0.7%
2017	25.5%	24.0%	1.5%
2016	0.6%	7.9%	(7.3)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	15.9%	16.8%
Sharpe Ratio	0.33	0.26
Maximum Gain	51.7%	53.2%
Maximum Drawdown	(45.3)%	(50.7)%
Positive Months	61.6%	58.4%

	Fund	Date Range
Highest annual return	66.2%	Apr 1999 - Mar 2000
Lowest annual return	(36.1)%	Oct 2002 - Sep 2003

## MONTHLY PERFORMANCE (AFTER FEES) - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	2.3%	(3.0)%	(4.2)%	6.7%	2.2%								3.7%
Fund 2017	1.1%	0.0%	3.6%	1.9%	1.2%	(0.6)%	4.2%	(1.6)%	5.4%	6.0%	(1.9)%	(6.9)%	12.3%
Fund 2016	(7.7)%	1.2%	(1.0)%	(2.3)%	10.8%	(10.9)%	0.3%	7.9%	(5.9)%	(4.0)%	3.7%	(1.9)%	(11.3)%

# CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

Quarterly Portfolio Manager Commentary

*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 fund declined 0.6% against the benchmark decline of 1.0%, bringing its rolling 12-month performance to 15.9% versus the 14.8% returned by the MSCI All Country World Index.

After an unprecedented 16 months of consecutive gains, it was not surprising that global equities experienced a sharp rise in volatility at the end of the first quarter of 2018. Initially, there was a sharp sell-off in February. While the monthly decline in US equities was 4.2% in February, the fall approached 10% at one point during the month. The MSCI Emerging Markets Index fared even worse, with a decline of 4.6%. These falls were essentially due to an equity bull market that has risen for a very long time without any material correction. The trigger for the sell-off was most likely concern about rising inflation and bond yields, with the 10-year US Treasury yield having risen from 2.41% at the end of last year to a high of 2.95% by mid-February. Commodity prices fell along with other risk assets, with Brent Crude and natural gas down by 6% and 7% respectively during February. However, the heightened volatility during late March and early April was due to a more specific event – the escalation in retaliatory exchanges between Washington and Beijing regarding terms of trade. This elevated concerns of a nascent ‘trade war’.

Japan was the best performing region this quarter, rising 1.0% (in US dollar terms). Pacific ex-Japan delivered the weakest return, declining by 3.7% (in US dollar terms). Europe lost 1.9% (in US dollar terms) and North America weakened by 1.0%. Emerging markets advanced 1.1% (in US dollar terms), outperforming developed markets. On a look-through basis, the fund is overweight North America and emerging markets, and underweight Europe and Japan.

Amongst the global sectors, information technology (+3.2%) and consumer discretionary (+1.5%) generated the best returns. The worst performing sectors were telecommunications (-6.4%), energy (-6.1%) and consumer staples (-5.7%). On a look-through basis, the fund benefited from its overweight positions in information technology and consumer discretionary as well as its underweight positions in utilities and telecommunications. Its overweight positions in consumer staples and materials detracted from performance.

The fund’s relative outperformance this quarter was largely a result of good performance across the portfolio. Three stand out performers were Egerton Capital, Vulcan Value Partners and Tremblant Capital.

Egerton Capital returned positive 2.9% over the quarter, with strong performances from Airbus (+13%), as its order book rose strongly; Adobe (+23%), after its ongoing move to the cloud gave rise to a strong earnings announcement; and Adidas (+18%), having announced a good set of results and a large share buyback. An overweight position in information technology also boosted returns.

Vulcan Value Partners returned 2.9% for the quarter, also benefiting from its position in Airbus and a large exposure to the information technology sector. It also benefited from a rise in its insurance-related positions after Axa bought XL Limited. Another top position, GKN, was also subject to an offer, from Melrose, and rose sharply during the period.

Tremblant returned 2.2%. Its large exposure to consumer discretionary stocks boosted returns even though CBS, one of its top holdings, declined by 13% over the period. Palo Alto Networks (+25%) benefited from the recent US tax cuts as well as improved earnings, while Finco Bank (+14%) had strong deposit inflows and margin improvement.

Maverick Capital, which has had a tough time in the recent quarters, returned positive alpha this past quarter. Its large exposure to healthcare has been the most significant driver of underperformance over the past 12 months, especially their holding in Shire Pharmaceutical. After large losses in Shire, Maverick re-examined their investment thesis, decided it remained intact and maintained the position. This was rewarded in March when Takeda announced its intention to bid for Shire and Shire’s share price rose strongly. Maverick also benefited from Envision (+11%) and Adobe (+23%).

Contrarius Global Equity also had a good quarter. Like Tremblant, it has benefited from its large exposure to the consumer discretionary sector, especially the bricks and mortar stores such as Macy’s (+20%), Dine Brands (+30%) and Abercrombie & Fitch (+40%), which rebounded sharply. Twitter, a long held position which has disappointed since its listing, also rose strongly after it released a robust set of financial results.

## Outlook

Notwithstanding recent concerns and increased volatility, we believe that the bull case for equities will endure for a while yet. The synchronized global expansion seems set to continue for several years, inflation remains moderate on a global basis, central banks are still providing ample liquidity, and equities continue to look attractively priced relative to government bonds. We believe that the fundamental outlook for global growth and interest rates is little changed from where it stood at the start of 2018. Global economic data continue to reflect an impressive, broad-based global economic expansion. However, there is sufficient momentum in the global economy that labour and product market constraints in developed markets should push both wage and core CPI inflation higher in coming quarters, along with expectations about central bank policy rates.

## **Portfolio manager** **Tony Gibson**

as at 31 March 2018

### IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL OPPORTUNITIES [ZAR] FEEDER FUND

The Global Opportunities Equity [ZAR] Feeder Fund 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 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. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider. 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. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund ([www.sc.com/za](http://www.sc.com/za); 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

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

Unit trusts 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?

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 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 our website, [www.coronation.com](http://www.coronation.com)

### IMPORTANT INFORMATION REGARDING TERMS OF USE

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