

# CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

Fund Information as at 28 February 2019

## 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.

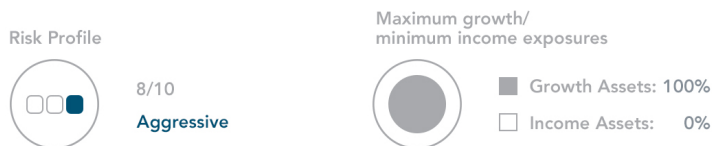
## WHAT DOES THE FUND INVEST IN?

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



**KARL LEINBERGER**  
BBusSc, CA (SA), CFA

## 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>	ZAE00019774
<b>JSE Code</b>	CNIG

# CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

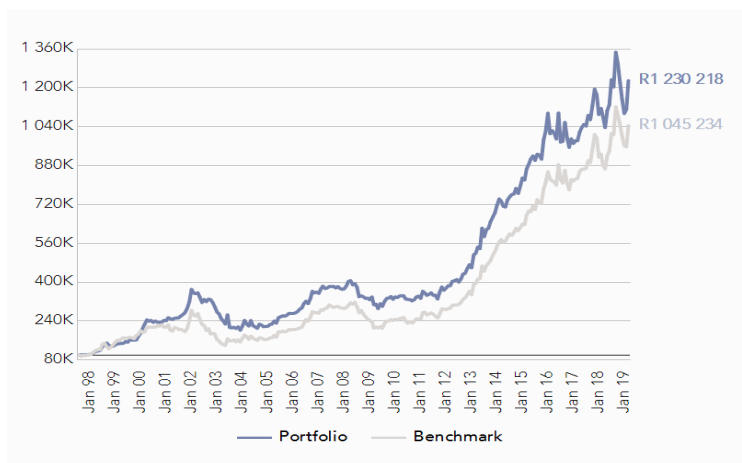
CLASS A as at 28 February 2019

Fund category	Global - Equity - General
Launch date	01 August 1997
Fund size	R 7.23 billion
NAV	11403.61 cents
Benchmark/Performance	MSCI All Country World Index
Fee Hurdle	
Portfolio manager/s	Tony Gibson and Karl Leinberger

Total Expense Ratio	1 Year	3 Year
Fund management fee	2.24%	2.29%
Fund expenses	1.03%	1.25%
VAT	1.14%	0.97%
Transaction costs (inc. VAT)	0.06%	0.07%
Total Investment Charge	0.12%	0.12%
	2.36%	2.41%

## PERFORMANCE AND RISK STATISTICS

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



## PORTFOLIO DETAIL

### GEOGRAPHIC ASSET ALLOCATION EXPOSURE

	28 Feb 2019
<b>Equities</b>	<b>88.3%</b>
Global (7 Funds)	88.3%
<b>Equity futures</b>	<b>11.5%</b>
<b>Cash</b>	<b>0.2%</b>

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

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1130.2%	945.2%	185.0%
Since Launch (annualised)	12.3%	11.5%	0.8%
Latest 20 years (annualised)	11.2%	9.9%	1.3%
Latest 15 years (annualised)	11.9%	12.6%	(0.7)%
Latest 10 years (annualised)	14.9%	17.4%	(2.5)%
Latest 5 years (annualised)	10.9%	12.7%	(1.8)%
Latest 3 years (annualised)	6.3%	8.5%	(2.2)%
Latest 1 year	13.7%	18.4%	(4.7)%
Year to date	12.4%	8.7%	3.7%

## TOP 5 HOLDINGS

As at 31 Dec 2018

Egerton Capital Equity Fund
Contrarius Global Equity Fund
Maverick Capital
Lansdowne Capital
Coronation Global Equity Select Fund

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

	Fund	Benchmark	Active Return
Since Launch (unannualised)	302.8%	241.8%	61.0%
Since Launch (annualised)	6.7%	5.9%	0.8%
Latest 15 years (annualised)	6.5%	7.1%	(0.7)%
Latest 10 years (annualised)	11.1%	13.5%	(2.3)%
Latest 5 years (annualised)	5.1%	6.8%	(1.7)%
Latest 3 years (annualised)	10.9%	12.9%	(2.0)%
Latest 1 year (annualised)	(4.5)%	(0.8)%	(3.6)%
Year to date	15.5%	10.8%	4.8%
2018	(14.1)%	(9.4)%	(4.7)%
2017	25.5%	24.0%	1.5%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.3%	16.9%
Sharpe Ratio	0.30	0.24
Maximum Gain	51.7%	53.2%
Maximum Drawdown	(45.3)%	(50.7)%
Positive Months	61.0%	57.5%

	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 2019	1.6%	10.6%											12.4%
Fund 2018	2.3%	(3.0)%	(4.2)%	6.7%	2.2%	9.0%	(2.4)%	11.9%	(3.5)%	(6.0)%	(5.7)%	(5.0)%	0.4%
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%

# 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 by 16.7% against the benchmark decline of 12.8% in quarter 4, bringing the rolling 12-month performance to -13.8% against the -9.4% returned by the MSCI All Country World Index (ACWI).

Global markets declined dramatically over the fourth quarter of 2018 on the back of trade war and global growth concerns, thereby giving rise to the worst annual performance for the ACWI since the financial crisis of 2008. Despite this, positive news in corporate profits and the labour market would point to continued global economic growth and, consequently, the US Federal Reserve (Fed) raised rates another 0.25%. That said, there is clearly some concern that US growth will slow over the next year or two as the Fed futures market has begun pricing in some easing over this period, while the Fed's dot plot would indicate further rate hikes. The oil price fall of 35% might also be an indication of an expected slowdown and has greatly moderated inflation expectations. China continues to feel the impact of its "trade war" with the US and the Bank of China recently relaxed reserve requirement ratios as a form of monetary easing. A positive outcome in the trade dispute with the US is important and both parties appear willing to work toward resolving their differences. In Europe, Brexit dominates the news flow and, with three months to go until the official exit date, it appears that many outcomes are still possible. Hopefully, a positive result will be achieved by the 29 March deadline.

The Pacific ex-Japan was the best performing region in the third quarter of 2018 (Q318), declining 7.9% (in US dollar terms). The weakest return was from Japan which declined 14.2%. North America declined 13.75% and Europe fell 12.7% (in US dollar terms). Emerging markets performed better than developed markets, declining 7.9% (in US Dollar terms) against the developed markets decline of 12.8%. On a look-through basis, the fund is overweight North America, equal weight to Europe and underweight Japan and has a marginal overweight to emerging markets.

Amongst the global sectors, utilities (-0.1%), telecommunications (-7.5%) and consumer staples (-7.3%) declined the least. The worst-performing sectors were energy (-22.2%), information technology (-17.9%) and industrials (-16.5%).

Contrarius Global Equity had a significant negative impact on the fund this quarter, declining 25.8% after its exposure to energy was affected by the sharp decline in the oil price. The fund had previously benefitted from this exposure, but Contrarius believes that the companies offer strong upside, even with a depressed oil price, as the oil majors need to replenish reserves through offshore drilling.

Tremblant underperformed the index during the quarter, producing negative alpha of 4.3%. Positions in Realogy (-28%) and Spotify (-37%) contributed to this. Realogy was impacted by rising interest rates and margin pressure while Spotify delivered disappointing earnings and indicated that increased R&D would pressure short term profits.

Coronation Global Equity Select had similar numbers to Tremblant, as it held British American Tobacco (-28%) which declined further on a potential ban in the US on the use of menthol in some its products. Alphabet (-13.4%) fell after Google announced that it was closing its Google+ division.

Maverick Capital declined 16.0%. It too held British American Tobacco. DXC Technology also negatively contributed to performance after it fell 43% after missing its quarterly earnings guidance on poor sales.

### Outlook

The sharp fall in equities, the widening of credit spreads and the increase of volatility indicates that investors are positioning themselves for less favourable market conditions in the coming months. While there are reasons for concern, there are also some potential positives that may come to fruition during the quarter. A positive outcome from the US-China trade talks and a positive resolution on the way forward for Brexit would certainly please the market. Of course, both may be sources of market downside, but with equity markets now at reasonable valuations, they still offer better value than other investments.

### Portfolio manager

**Tony Gibson and Karl Leinberger**  
as at 31 December 2018

# CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

## Important Information

### 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. The top 10 holdings are reflected on a look-through basis. 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 2018 (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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