

LONG TERM OBJECTIVE

The Coronation Global Equity Fund of Funds aims to deliver capital growth through a focused portfolio of the best equity managers globally. The Strategy invests in top-quality long-only equity funds (typically 10) and is broadly diversified across geographic regions including emerging markets. The underlying fund managers have well-established track records with a similar investment approach to ours, and have been thoroughly evaluated by Coronation's due diligence team. The objective is to outperform the MSCI All Country World Index over a 5-year period.

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house, focused on bottom-up stock picking. Our aim is to identify mispriced assets trading at discounts to their long-term business value (fair value) through extensive proprietary research. In calculating fair values, through our fundamental research, we focus on through-the-cycle normalised earnings and/or free cash flows using a long-term time horizon. We select managers who share a similar investment philosophy to ours. We do not equate risk with tracking error, or divergence from a benchmark, but rather with a permanent loss of capital.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	235.1%	144.5%	90.6%
Since Inception p.a.	6.6%	4.8%	1.8%
Latest 15 years p.a.	9.2%	7.5%	1.7%
Latest 10 years p.a.	11.8%	11.1%	0.7%
Latest 5 years p.a.	6.5%	6.7%	(0.2)%
Latest 1 year	1.8%	5.7%	(3.9)%
Year to date	18.2%	16.2%	2.0%
Month	6.5%	6.5%	0.0%

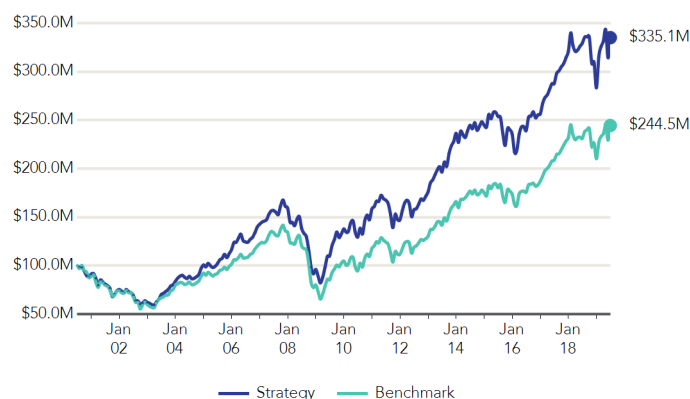
SECTOR EXPOSURE

Sector	% Strategy
Consumer Discretionary	20.4%
Financials	13.5%
Communication Services	12.9%
Information Technology	11.0%
Consumer Staples	10.5%
Industrials	9.2%
Materials	7.2%
Healthcare	6.8%
Energy	4.2%
Real Estate	1.9%
Utilities	0.6%
Interest Bearing	1.8%

GENERAL INFORMATION

Inception Date	01 July 2000 *
Strategy Size	\$828.3 million
Strategy Status	Open
Mandate Benchmark	MSCI Daily TR Net All Country World USD (NDUEACWF Index)
Redemption Terms	An anti-dilution levy will be charged
Base Currency	USD

GROWTH OF US\$100M INVESTMENT



Benchmark: MSCI Daily TR Net All Country World USD (NDUEACWF Index)






TOP 5 HOLDINGS





Holding	% Strategy
EGERTON CAPITAL EQ F-I USD	16.3%
EMINENCE LONG FUND	15.4%
CORONATION GEM EQUITY FUND	15.3%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	12.0%
MAVERICK LONG FUND	10.7%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	60.4%
Europe	18.3%
Asia	13.4%
LATAM	2.4%
CEEMEA	2.3%
Japan	1.4%
Interest Bearing	1.8%

CURRENCY EXPOSURE

Currency		% Strategy
USD		66.8%
EUR		8.6%
CNY		7.5%
GBP		6.3%
INR		2.1%

Currency		% Strategy
BRL		1.7%
RUB		1.6%
JPY		1.0%
Other		4.4%

PORTFOLIO MANAGERS



Tony Gibson - BCom

Tony is a founding member and a former chief investment officer of Coronation. He has managed the Coronation Global Equity Fund of Funds product since inception and also co-manages portfolios within the Global Multi-Asset Class offering. Tony has 38 years' investment experience.



Karl Leinberger - BBusSc, CA (SA), CFA

Karl is chief investment officer (CIO) and manager of Coronation's Houseview strategies. He joined Coronation in 2000 as an equity analyst, was made head of research in 2005 and became CIO in 2008. Karl has 19 years' investment experience.

DISCLAIMER

The information contained herein is not approved for use by the public and must be read together with our [Disclaimer](#) that contains important information. If you are in possession of a physical copy of this document and you are unable to access our [Disclaimer](#) online, kindly contact us at cib@coronation.com and a copy will be sent to you via email.

* The Global Equity Fund of Funds was launched in January 2008 under the Coronation Universal Fund, a non-UCITS open-ended umbrella unit trust, at \$10 per unit. Performance figures prior to this date refer to the Global Equity Fund of Funds, a sub-fund of the Coronation Retail Fund 2, which has been liquidated. The majority of investors in the latter transferred their holdings into the new Coronation Universal Fund in January 2008. The funds have similar investment objectives and strategies but different fee structures.

REVIEW FOR THE QUARTER

Global equity markets continued their upward trajectory in April, but fell sharply in May on the back of global growth concerns amid the ongoing US-China trade standoff and another round of tariff increases by both countries. However, this was offset in June, when the US Federal Reserve indicated that it was softening on interest rates and a cut was more likely later this year. This change in view was precipitated by weakening economic data but also vocal public criticism from President Trump, who is strongly supportive of lower interest rates. This gave rise to a strong market rebound in June and meant that markets returned 3.6% for the quarter. The European Central Bank also hinted at future monetary policy easing if the inflation outlook does not begin to improve. The Brexit lull while the governing Conservative Party elects a new leader supported UK stocks, despite the increasing risk of a no-deal Brexit come 31 October.

The Pacific ex-Japan was the best performing region in Q2, advancing 5.2% (in US dollar terms). The weakest return was from Japan, which only rose 1.1% (in US dollar terms). Europe rose 4.9% and North America advanced 4.3% (both in US dollar terms). Emerging markets had a poor quarter, declining 0.3% and lagging developed markets, which advanced 4.2% (both in US dollar terms). 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.

Among the global sectors, information technology (+5.6%), financials (+5.0%) and consumer discretionary (+4.8%) were the biggest winners over the quarter. The worst-performing sectors were energy (-2.4%), real estate (-0.3%) and healthcare (+1.6%).

The fund's underperformance over the quarter was largely down to two underlying funds, Contrarius and Lansdowne, which both recorded strongly negative returns for the quarter.

Contrarius has a good but volatile track record and this last quarter was a particularly difficult quarter, with the fund declining 11.7%. The fund has large exposures to both oil services and "traditional" consumer retail brands, both of which sold off heavily during the period and contributed to negative alpha of 15.3%. The thesis for the oil drillers is that the oil majors have to replace declining reserves and these can only be found offshore, meaning that both demand and pricing for offshore drilling rigs will increase. This has been slow to happen and a declining oil price doesn't help, but there are signs that the thesis will eventually work out. On the retailers, Abercrombie & Fitch gave a disappointing outlook, which spooked investors, causing it to fall 41%, while Bed, Bath & Beyond fell 31% during a boardroom battle with an activist investor.

Lansdowne declined 2% over the quarter. Performance on a rolling 12-month basis has been weak due to poor performance from its European airlines. The airline thesis is that there will be consolidation and consequently, pricing power will re-emerge. However, while this has largely played out in the US airline industry, it is taking much longer in Europe. Lufthansa fell 20% after reducing its revenue forecast and margins. Another negative position was residential real estate company Vonovia which declined after the German government announced plans to freeze rentals in Berlin for five years.

There were some positive results for the quarter, but these could not offset the strongly negative returns from Contrarius.

Egerton returned 5.5%, benefiting from Blackstone (+28%), (which is converting from a partnership structure to a company and thus creating more demand for its shares) and Charter Communications (+14%), after good earnings.

The Coronation Global Emerging Markets strategy continued its strong recovery with a return of 5.2%, ahead of the MSCI Emerging Markets Index and the MSCI World Index. The fund benefited from a recovery in X5 (+44%) after it improved gross margin and cut shrinkage; Adidas (+29%), with good e-commerce growth; and Wuliangye Yibin (+23%), which increased net profit by 38%.

Coronation Global Equity Select also enjoyed a positive quarter. It benefited from Facebook (+16%), which reported good first-quarter earnings and indicated that it was close to the end of a US data privacy investigation, which overshadowed the company of late. The strategy also held Charter Communications and Blackstone. On a negative note, the strategy's holdings in Intu and British American Tobacco continued to detract from performance.

Outlook

A G20 bilateral between Presidents Trump and Xi at the end of June led to a temporary truce in the US-China trade dispute and, while no further tariffs were introduced, there was no unwinding of the current ones pending further rounds of negotiations by the respective teams. This was well received by the markets and they have continued with positive performance into July. However, markets are seemingly ignoring the inverted US-yield curve, which is a strong signal for a future recession. The effects of the trade dispute are also beginning to ripple through the global economy and this will exacerbate any weaknesses. Central Banks are cognisant of this and are increasingly accommodative or, in the case of the Fed, expected to cut rates. Other concerns are the potential for a no-deal Brexit, (as both candidates for UK Prime minister are committing to a 31 October exit while making assurances on issues which the EU strongly

refutes), and tensions with Iran which are threatening to hamper oil supplies from the Middle East. In summary, conditions are conducive to positive markets but there are risks that could cause sharp pull backs.