

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)	231.4%	136.0%	95.4%
Since Inception p.a.	6.6%	4.7%	1.9%
Latest 15 years p.a.	9.1%	7.3%	1.8%
Latest 10 years p.a.	14.2%	12.8%	1.4%
Latest 5 years p.a.	7.1%	7.0%	0.1%
Latest 1 year	3.2%	2.6%	0.6%
Year to date	16.9%	12.2%	4.7%
Month	1.8%	1.3%	0.5%

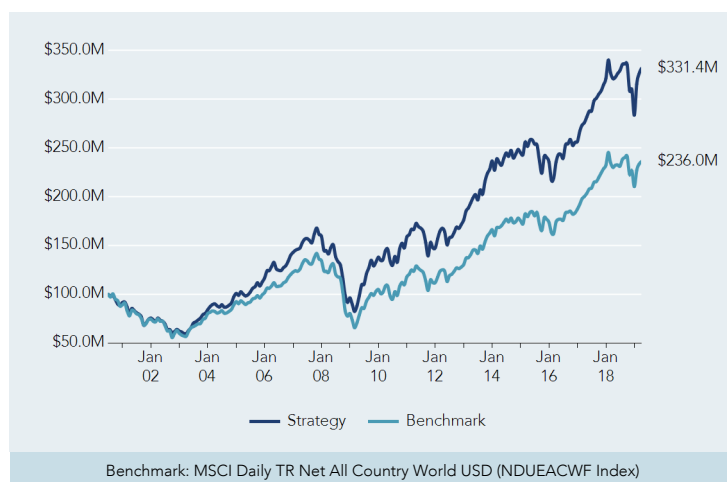
SECTOR EXPOSURE

Sector	% Strategy
Consumer Discretionary	17.6%
Communication Services	15.0%
Financials	12.4%
Information Technology	11.1%
Consumer Staples	11.0%
Industrials	9.0%
Materials	7.9%
Healthcare	6.2%
Energy	4.4%
Real Estate	2.0%
Utilities	0.6%
Interest Bearing	2.8%

GENERAL INFORMATION

Inception Date	01 July 2000 *
Strategy Size	\$889.6 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



TOP 5 HOLDINGS

Holding	% Strategy
EGERTON CAPITAL EQ F-I USD	15.4%
CORONATION GEM EQUITY FUND	14.6%
EMINENCE LONG FUND	14.4%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	13.8%
MAVERICK LONG FUND	10.0%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	62.5%
Europe	16.4%
Asia	12.6%
LATAM	2.4%
CEEMEA	2.2%
Japan	1.1%
Interest Bearing	2.8%

CURRENCY EXPOSURE

Currency	% Strategy
USD	68.6%
EUR	9.8%
CNY	5.8%
GBP	5.1%
INR	2.4%

Currency	% Strategy
BRL	1.7%
RUB	1.6%
CAD	1.2%
Other	3.8%

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

Following the steep declines of December 2018, global equity markets rebounded strongly in the first quarter of 2019 (Q1-19) as the US Federal Reserve (Fed) pivoted from forecasting further rate hikes in 2019 to no further hikes until 2020 - an announcement that was well received by investors. Coupled with a reasonably good reporting season and oversold stocks, this led to the strong gains across most asset classes. However, it was not all positive news as the US-China trade talks continued with no sign of a resolution and Europe remains consumed by Brexit which, at the time of writing, is set to be delayed again—potentially until the end 2019.

North America was the best-performing region in Q1-19, advancing 14.0%. The weakest return was from Japan, which rose only 6.9% (in US dollar terms). The Pacific ex-Japan rose 12.3%, and Europe advanced 11.0% (both in US dollar terms). Emerging markets enjoyed a strong quarter, rising 9.9%, but still lagged developed markets, which advanced 12.5% (both in US dollar terms). On a look-through basis, the fund is overweight North America, equal weight to Europe and underweight Japan. It also is marginally overweight emerging markets.

Amongst the global sectors, information technology (+19.2%), real estate (+15.3%) and industrials (+13.9%) rose the most. The worst-performing sectors were healthcare (+7.6%), financials (+7.7%) and utilities (+9.3%).

After a very-weak fourth quarter in 2018, all the underlying managers, bar one, rebounded strongly in Q1-19. The standout example is the Coronation Global Emerging Markets Fund which rose 23.4% over the period. The strategy benefited from gains in New Oriental Education, which delivered better-than-expected revenue gains. Chinese beer company, Wuliangye Yibin, delivered strong gains after guiding that net income will rise 40% due to strong liquor sales volumes and prices. Additionally, Airbus rose 40.4% after scrapping its unprofitable A380 aircraft and forecasting 15% growth in earnings per share in 2019.

Contrarius Global Equity delivered alpha of 4.7% in Q1-19, benefiting from its exposure to the materials and communication services sectors; Fortescue Metals Group (+78.0%) benefited from a tightening in the iron ore market following the tragic collapse of a Vale mine dam in Brazil; Freeport-McMoRan also rose strongly on takeover speculation; and Facebook (+27.1%) rebounded after releasing strong earnings and surmounting its regulatory issues, for now.

Tremblant Capital returned 19.0% over the period, buoyed by strong gains from PagSeguro Digital (+59.4%), a Brazilian payments solutions company and Skechers (+46.8%). Coronation Global Equity Select generated a return of 17.7%, with Facebook (+27.1%), Charter Communications (+21.7%) and British American Tobacco (+29.8%) all contributing.

Lansdowne Developed Markets was slightly disappointing over the period, with a return of only 8.0% – somewhat behind the benchmark. This was most likely due to its exposure to airlines both in the US and Europe, which declined after the Boeing 737 Max 8, operated by Ethiopian Airlines, crashed in March. In addition to this, airfares are under pressure and fuel prices increased on the back of a higher oil price.

Outlook

Low interest rates and some growth can be said to be positive for stocks, but the recent swings in response to relatively-minor changes in interest rates and the outlook for growth would point towards market vulnerability. Consequently, risk remains elevated. Further, the US-China trade talks remain ongoing and, despite positive soundbites in March, could end with no agreement, which would clearly be disruptive.