

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)	219.4%	149.7%	69.7%
Since Inception p.a.	6.0%	4.7%	1.3%
Latest 20 years p.a.	6.0%	4.7%	1.3%
Latest 15 years p.a.	7.9%	6.9%	1.0%
Latest 10 years p.a.	9.4%	10.2%	(0.7)%
Latest 5 years p.a.	4.7%	6.7%	(2.0)%
Latest 1 year	(4.7)%	2.1%	(6.8)%
Year to date	(13.1)%	(6.3)%	(6.8)%
Month	4.7%	3.2%	1.5%

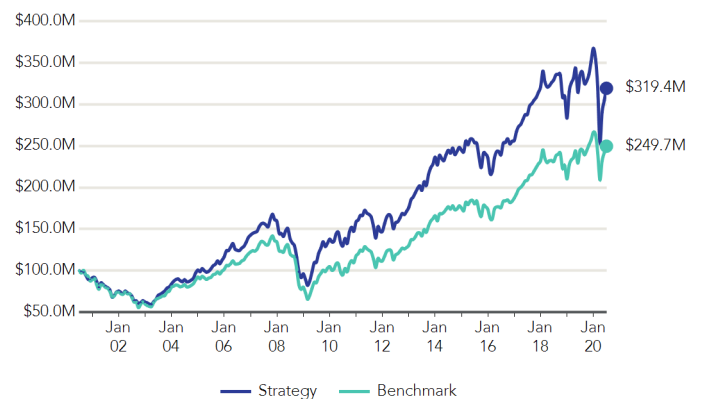
SECTOR EXPOSURE

Sector	% Strategy
Consumer Discretionary	22.8%
Communication Services	15.1%
Information Technology	13.8%
Consumer Staples	10.4%
Financials	9.6%
Materials	8.3%
Industrials	7.1%
Healthcare	6.9%
Real Estate	2.0%
Energy	1.7%
Utilities	0.4%
Interest Bearing	1.9%

GENERAL INFORMATION

Inception Date	01 July 2000 *
Strategy Size	\$734.0 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
EMINENCE LONG FUND	17.3%
EGERTON CAPITAL EQ F-I USD	16.8%
CORONATION GEM EQUITY FUND	15.6%
MAVERICK LONG FUND	10.7%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	8.9%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	61.0%
Europe	16.4%
Asia	15.7%
CEEMEA	2.7%
LATAM	1.9%
Japan	0.4%
Interest Bearing	1.9%

CURRENCY EXPOSURE

Currency		% Strategy
USD		66.1%
EUR		8.1%
CNY		7.7%
GBP		6.4%
INR		2.6%

Currency		% Strategy
RUB		1.7%
HKD		1.2%
CAD		1.1%
Other		5.1%

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 39 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 20 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

The fund advanced 25.3% for the quarter (Q2-20), against a benchmark return of 19.2%, bringing the rolling 12-month performance to -4.7% against the +2.1% returned by the MSCI All Country World Index.

Global equity markets rebounded strongly during Q2-20, fuelled by unprecedented monetary and fiscal stimulus as governments and central banks acted to prevent lasting economic damage from the Covid-19 shutdown and early signs that a 'V-shaped' recovery might be possible once quarantine restrictions are eased. Some might argue that, despite these encouraging early developments during the quarter, the stock market is detached from the reality of the economic damage being wrought by the shutdown. However, in the absence of attractive alternative options, the equity markets benefitted handsomely from any positive news flow. After the upheaval in April, the oil price returned to a more normal, albeit volatile, level, providing a much-needed uplift to the industry during unprecedented times.

North America was the best-performing region in Q2-20, advancing 21.7% (in US dollar terms). The weakest return was from Japan, which advanced 11.6% (in US dollar terms). Europe rose 15.6% and the Pacific ex-Japan rose 20.2% (both in US dollar terms). Emerging markets advanced 17.3% compared to developed markets which rose 19.5% (both of which in US dollar terms).

Among the global sectors, information technology (+30.8%), materials (+25.1%) and consumer discretionary (+29.7%) were the best-performing sectors for the quarter. The worst-performing sectors were utilities (+5.4%), consumer staples (+7.9%) and real estate (+10.9%).

Among the global sectors, healthcare (+13.4%) and information technology (IT) (+13.7%) were the most significant drivers of the index return for the quarter. The worst-performing sectors were real estate (0.6%), utilities (1.5%) and consumer staples (2.1%).

The large majority of the underlying managers had very good performance during Q2-20, strongly outperforming the index.

Contrarius Global Equity rebounded 39% during the second quarter, a much-needed recovery after a poor first quarter. The manager finally admitted defeat on its oil driller exposure and sold out of these stocks during April, but retained its exposure to its consumer discretionary positions. The latter decision proved a good one, with strong returns from Bed Bath & Beyond (+152%), The Michaels Company (336%), Overstock (+470%) and Macys (+40%) during the period as the US eased its lockdown restrictions. The manager still believes they are attractively valued, even after such strong returns. Materials and energy exposure from stocks such as Teck Resources (+38%), Freeport McMoran (+71%), Range Resources (+147%) and Tullow Oil (+194%) also added to the strong recovery.

Tremblant Capital also returned 39% for the quarter, benefitting from positions in Amazon (+42%), Spotify (+112%), FarFetch (+119%) and Meituam (+84%), which in turn are major beneficiaries from the effects of the Covid-19 lockdown. Tremblant's rolling 12-month performance is an outstanding 20.5%.

Eminence Capital had a strong quarter, with a solid return of 31.7%. Exposure to consumer discretionary, energy and IT all provided sizeable contributions to performance.

Maverick Capital returned 26.3% after strong gains from its healthcare, consumer discretionary and tech names. Companies such as Atara Biotherapeutics (+71%), Facebook (+36%), B&M Europe Retail (+44%), Restaurant Brands (+38%) and Microsoft (+29%) are all doing well from the lockdown or recovering from the easing thereof.

Coronation Global Emerging Market Fund had a good quarter, finishing ahead of both the All Country World Index and its own Emerging Market Index. Egerton Capital was also slightly ahead of the index, while Coronation Global Equity Select marginally underperformed over the quarter.

Lansdowne Developed Markets had another disappointing quarter, with its exposure to airlines and UK banks being a source of volatility. Airlines are still struggling to work through the effects of the Covid-19 crisis and face a long recovery. However, many are taking advantage to reset their cost base (in the case of legacy businesses) and rightsize their fleets for the future. There is evidence of a strong demand for air travel even at this time and further easing of restrictions will allow for further recovery while current valuations would point to meaningful upside potential.

Outlook

At the time of writing, the MSCI World Index is around 8.5% off its mid-February high, despite uncertainty surrounding the path of the Covid-19 pandemic and the future recovery of the global economy. The early signs are encouraging, but there is much debate about whether the recovery will be 'V-shaped' or take much longer. Governments have stepped in to protect jobs, but it remains to be seen at what level unemployment will settle as people move from been furloughed to simply unemployed as state support is withdrawn. Meanwhile, the pandemic is still ongoing and on the rise, especially in the US and South America. There is little advance on therapeutics to treat the disease and a vaccine is still months away. There is a lot to be concerned about and there is bound to be pockets of volatility in the months ahead. This, however, lends itself to a bottom-up, stock picking strategy such as that followed by our underlying managers and we expect that this will be rewarded over the longer term.