

## WHAT IS THE FUND'S OBJECTIVE?

Global Equity Select aims to give investors access to the best opportunities in global equity markets. The fund is biased to developed markets and actively seeks out attractively valued shares to maximise long-term growth. Our intent is to outperform the global equity benchmark over all periods of five years and longer.

## WHAT DOES THE FUND INVEST IN?

The fund invests in the shares of companies listed on equity markets around the world. The fund has a bias towards developed markets, typically holding at least 70% in developed market shares and up to 30% invested in shares listed in emerging markets. While our intent is to remain fully invested in shares, the fund is allowed to hold up to 20% of its portfolio in cash and bonds.

## IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Global Equity Select will only invest in shares we view as being attractively valued relative to other shares which may offer superior long-term investment growth.

The fund's share selection is the result of rigorous international research conducted by Coronation's investment team.

While we have a disciplined approach to reducing risk, 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.

## 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

- ▶ are comfortable with full exposure to shares listed in global markets outside South Africa;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ hold other investments and are looking to add exposure to global equity markets;
- ▶ do not require an income from their investment.

## WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% is payable.

Fund expenses that are incurred in the fund include 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 ARE THE FUND MANAGERS?



**NEIL PADOA**  
BEconSc (AcSci),  
FFA, CFA



**HUMAIRA SURVE**  
BScEng, MBA, CFA

## GENERAL FUND INFORMATION

Launch Date	30 January 2015
Class	A
Class Type	Accumulation
Fund Domicile	Ireland
Currency	US Dollar
Benchmark	MSCI All Country World Index
Investment Minimum	US\$15 000
Bloomberg	CORGEAU
ISIN	IE00BV8WVD49
SEDOL	BV8WVD4

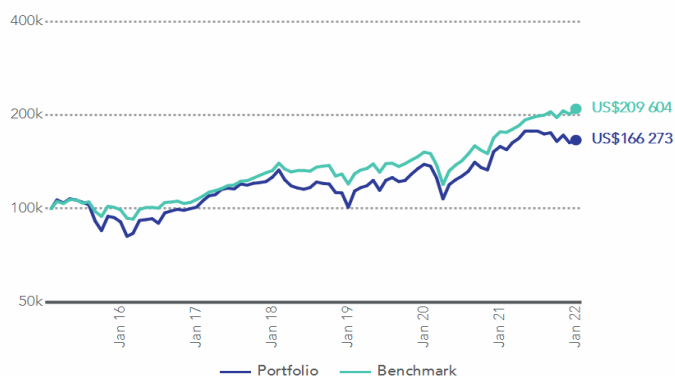
CLASS A as at 31 December 2021

Launch date	30 January 2015
Fund size	US\$ 256.79 million
NAV	16.63
Benchmark/Performance	MSCI All Country World Index
Fee Hurdle	
Portfolio manager/s	Neil Padoa and Humaira Surve

Total Expense Ratio	1 Year	3 Year
Fee for performance in line with benchmark	1.20%	1.14%
Adjusted for out/(under)-performance	1.25%	1.18%
Fund expenses	(0.13)%	(0.12)%
VAT	0.08%	0.08%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.08%	0.14%
	1.28%	1.28%

## PERFORMANCE AND RISK STATISTICS

## GROWTH OF A \$100,000 INVESTMENT (AFTER FEES)



## RETURNS VS BENCHMARK (AFTER FEES)

	Fund	Benchmark
Since Launch (unannualised)	66.3%	109.6%
Since Launch (annualised)	7.6%	11.3%
Latest 5 years (annualised)	10.4%	14.4%
Latest 3 years (annualised)	18.1%	20.4%
Latest 1 year	4.9%	18.5%
Year to date	4.9%	18.5%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.1%	14.2%
Sharpe Ratio	0.37	0.73
Maximum Gain	31.3%	34.8%
Maximum Drawdown	(24.3%)	(21.4%)
Positive Months	59.0%	68.7%

	Fund	Date Range
Highest annual return	56.6%	Apr 2020 - Mar 2021
Lowest annual return	(21.9%)	Mar 2015 - Feb 2016

## MONTHLY PERFORMANCE (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	(2.4)%	5.3%	3.3%	5.5%	0.0%	0.0%	(2.1)%	0.9%	(6.2)%	4.8%	(5.5)%	2.0%	4.9%
Fund 2020	(1.4)%	(8.3)%	(14.5)%	11.2%	3.7%	2.7%	3.7%	6.9%	(3.9)%	(1.8)%	14.5%	3.9%	14.1%
Fund 2019	12.9%	2.4%	1.5%	4.1%	(7.1)%	7.7%	2.0%	(3.0)%	0.9%	4.8%	4.1%	3.4%	37.5%
Fund 2018	5.4%	(7.0)%	(4.4)%	(1.6)%	(0.9)%	1.2%	4.2%	(1.0)%	(0.4)%	(6.1)%	(0.2)%	(10.2)%	(20.1)%
Fund 2017	5.0%	3.6%	0.9%	4.0%	0.9%	(0.6)%	3.8%	(0.9)%	1.4%	0.5%	0.7%	3.4%	24.9%

## PORTFOLIO DETAIL

## GEOGRAPHIC ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2021
<b>Equities</b>	<b>99.6%</b>
North America	59.5%
Europe	23.4%
Asia	15.9%
Latin American	0.5%
South Africa	0.3%
<b>Cash</b>	<b>0.4%</b>

## TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
Charter Communication A	5.4%
Alphabet Inc	4.9%
Canadian Pacific Railway Ltd	4.9%
Jd.com Inc ADR	4.7%
Prosus Na	4.6%
Visa Inc	3.6%
Anthem Inc	3.4%
Unitedhealth Group Inc	3.3%
Facebook Inc.	3.3%
Airbus Group Se	3.1%

**Please note that the commentary is for the retail class of the Fund.**

Global equity markets ended the year on a high note, advancing 6.7%, bringing the gain for 2021 to 18.5%. Within equity markets, the S&P500 Index bested the rest of the world by the largest margin in two decades. A specific sub-set highlights the gap: the S&P500 Index returned 28.7% in 2021 compared to the MSCI Emerging Markets Index, which declined 2.5%. As a result of sustained outperformance, the US now represents over 60% of the MSCI All Country World Index, up from 45% in the early 2010s.

For the Fund, 2021 was a story of two halves: a solid first six months followed by a weak second half. The Fund returned 1.0% for the quarter and 4.9% for the year. This is the worst relative performance versus the benchmark since the Fund's inception. We're disappointed with these returns and would like to apologise to investors for the underperformance, but are encouraged by the future upside from the businesses that we own in the portfolio.

With regards to stock selection, four areas are worth highlighting:

1. Chinese equities;
2. US cable stocks;
3. Businesses impacted by Covid-19, which should benefit from economies normalising (so-called re-opening stocks);
4. Not owning certain mega-caps like Apple (current market cap \$2.8 trillion) and Nvidia (current market cap \$675 billion), which returned 35% and 125%, respectively for the year.

So how have we responded? To jump to the answer first, all three of the main detracting 'themes' remain meaningful holdings for the portfolio today. However, the weights, and in some cases the composition, of each theme has changed as specific stocks were either bought or sold based on a reassessment of their relative risk-reward. For example, in Chinese equities, we added to JD.com while reducing Alibaba. We discussed China in depth in this [Corospondent article](#) and in the third quarter of 2021's commentary, and US cable stocks were covered in Q1-21 commentary (both of which are available on our website). This quarter, we will focus on Airbus – the comments below are specific to Airbus, but the market seems to be focused on near-term disruptions as opposed to long-term earnings power, which is a common theme across many businesses currently impacted by Covid-19. We think this dynamic is creating an interesting opportunity in select businesses.

Q4-21 was an eventful quarter for Airbus, as tends to be the case seasonally. The stock underperformed this quarter due to the emergence of the Omicron variant and the ensuing increased travel restrictions across different regions. Some airlines revised near-term plans in an already weak late autumn flying schedule although the pace of new customer bookings was relatively resilient.

The market was also somewhat captivated by whether Airbus would make its annual delivery target of 600 aircraft in 2021. At the time of writing, the company has not yet released official figures but it has reached the desired number for the year, according to the press. The late drive to achieve delivery targets is an annual fascination for some market participants but we view it as noise and observe it with indifference, other than for the potential buying opportunities it could present. The company has aimed to make its delivery plan less seasonal, but Covid-19 disruptions has set back that intention. Either way, demand for new aircraft is determined by long-term fundamentals while supply is affected by minor production issues which frequently occur due to the aerospace supply chain's complexity, but tend to be resolved in a matter of weeks or a few months. The lumpiness of monthly deliveries is, therefore, largely irrelevant to the intrinsic value of Airbus, despite the occasional severity of share price moves.

The most important long-term debate among investors and industry participants is about whether Airbus can or should increase its very successful narrow-body aircraft (A320neo family) production rate from the current level of mid-40 units per month to a record more than 70 by around mid-decade. A320s are the company's most important models, contributing almost the entirety of the Commercial division's EBIT and even when other programme's profitability ramps up, will be making up at least three-quarters of the total. Unnerved by naturally pessimistic views on the production ramp-up issue by lessors and aircraft engine OEMs, the market seems to be pricing a figure in the mid-50s. However, our analysis on demand and market share trends suggests that a rate close to 70 is feasible and there is further upside towards the end of the 2020s. Various pieces of anecdotal evidence support this (e.g. Allegiant Air's CEO in the US recently noted there are no free A320 production slots until 2026-28).

We continue to be bullish on Airbus' bolstered strategic position in the global duopoly coming out of the Covid-19 crisis, which combined with a strong balance sheet sets it up well for the next decade. We expect this to translate into strong earnings and free cash flow growth over several years and believe the shares remain attractively valued.

Liberty Media Corporation, which owns Formula 1, was a positive contributor. F1 is the third or fourth most-watched event on earth. So no doubt many readers will have witnessed the dramatic season finale where the two leading drivers (Lewis Hamilton and Max Verstappen) began the final race of the year tied on points. It was a high stakes race of winner takes all, and in a turn of events resembling a Hollywood-scripted drama, it all came down to the final lap. Excitement, drama, emotion, history and fierce rivalry such as this draws the crowds both track-side and on TV (increasingly direct to consumer on any device too) and is exactly what makes live sports valuable. We think F1 is a unique asset, and in the hands of Liberty (with John Malone as Chairman), the company has been undergoing a transformation over the last few years. While Covid-19 heavily impacted the last two seasons, if economies and societies start to normalise (as we expect), combined with the changes Liberty has been making, the value of this unique franchise should become evident. F1 has high barriers to entry, is currently undermonetised yet still exhibits fantastic economics with high margins and limited capex requirements resulting in strong cash conversion, has a dynamic new CEO Stefano Domenicali (with a background as CEO of Lamborghini and at F1 with Ferrari) and optionality from M&A and higher broadcast fees.

Our assessment of what most businesses in the portfolio are worth is largely unchanged, and, with many prices lower, the portfolio's price to value gap has widened and expected returns are now higher. In contrast, the market has increased at a rate in excess of the underlying earnings growth, and such a re-rating would usually be a headwind to future returns. We are, therefore, cautiously optimistic about the returns embedded within the portfolio.

Thank you for your continued support and interest in the Fund.

**Portfolio managers**  
**Neil Padoa and Humaira Survé**  
as at 31 December 2021

### IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL EQUITY SELECT FUND

The Global Equity Select 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 top 10 holdings are reflected on a look-through basis. 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. Coronation 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. Coronation Global Fund Managers (Ireland) Limited is authorised in Ireland and regulated by the Central Bank of Ireland. The fund is approved under Section 65 of the Collective Investment Schemes Control Act by the Financial Services Board of South Africa. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider.

JP Morgan Bank (Ireland) has been appointed as the fund's trustees ([www.jpmorgan.com](http://www.jpmorgan.com); t: +353-1-612-4000), and its custodian is JP Morgan Administration Services (Ireland) Limited ([www.jpmorgan.com](http://www.jpmorgan.com); t: +353-1-612-4000). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

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

Unit trusts are traded at ruling prices set on every business day. Fund valuations take place at approximately 17h00 each business day (Irish Time) and forward pricing is used. Instructions must reach Coronation before 12h00 (SA Time) one day prior to the dealing date. You can expect to receive withdrawal payouts three business days after the dealing day. Large investments or redemptions (exceeding 5% of fund value) may be subject to an anti-dilution levy to defray dealing costs and expenses. This levy, where applicable, is applied fully for the benefit 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 the current financial year (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 [www.coronation.com](http://www.coronation.com). You will also find additional information on the considerations pertinent to investing in a fund denominated in a foreign currency and domiciled in an offshore jurisdiction.

The Prospectus of Coronation Global Opportunities Fund and Fund KIID can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/ucits-fund-library/umbrella-fund>.

A summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/about-us/ucits-v-disclosure/>.

### IMPORTANT INFORMATION REGARDING TERMS OF USE

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