

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)	395.7%	247.7%	147.9%
Since Inception p.a.	7.9%	6.1%	1.8%
Latest 20 years p.a.	9.5%	7.6%	1.8%
Latest 15 years p.a.	9.6%	8.1%	1.5%
Latest 10 years p.a.	11.5%	10.8%	0.6%
Latest 5 years p.a.	15.7%	14.6%	1.0%
Latest 1 year	55.2%	39.3%	15.9%
Year to date	15.0%	12.3%	2.7%
Month	2.2%	1.3%	0.9%

SECTOR EXPOSURE

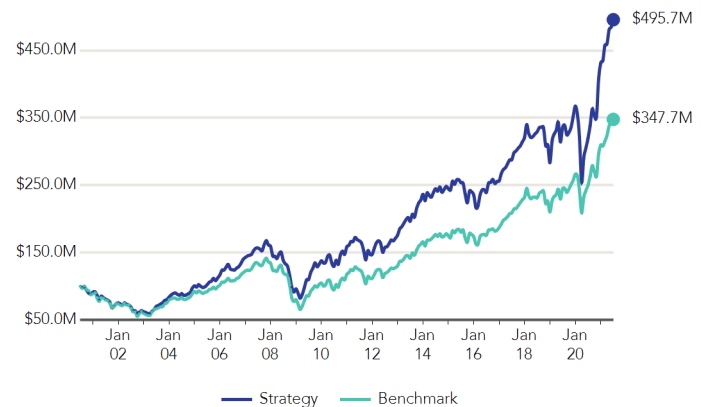
Sector	% Strategy
Consumer Discretionary	26.7%
Information Technology	19.3%
Communication Services	17.6%
Industrials	7.8%
Financials	6.8%
Healthcare	6.5%
Consumer Staples	5.8%
Materials	5.7%
Energy	0.9%
Real Estate	0.7%
Utilities	0.4%
Interest Bearing	1.8%

GENERAL INFORMATION

Inception Date	01 July 2000 *
Strategy Size †	\$881.1 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

†Strategy assets under management as at the most recent quarter end.

GROWTH OF US\$100M INVESTMENT



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







TOP 5 HOLDINGS






Holding	% Strategy
EMINENCE LONG FUND	19.2%
EGERTON CAPITAL EQ F-I USD	15.7%
LONE MONTEREY J PI MASTER	14.0%
CORONATION GEM EQUITY FUND	13.6%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	10.5%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	64.4%
Europe	14.4%
Asia	14.4%
CEEMEA	2.4%
LATAM	1.9%
Japan	0.7%
Interest Bearing	1.8%

CURRENCY EXPOSURE

Currency		% Strategy
USD		66.1%
CNY		8.2%
EUR		6.8%
GBP		4.6%
CAD		3.3%
INR		1.9%

Currency		% Strategy
TWD		1.4%
RUB		1.4%
KRW		1.3%
BRL		1.2%
Other		3.8%

PORTFOLIO MANAGERS



Tony Gibson - BCom

Tony is a founding member and a former chief investment officer of Coronation. He was responsible for establishing Coronation's international fund of funds business in the mid-1990s and has managed the Coronation Global Equity Fund of Funds product since inception. Tony has 40 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 7.8% for the quarter, against a benchmark return of 7.4%, bringing the rolling 12-month performance to 55.2% against the 39.3% returned by the MSCI All Country World Index.

Equity markets rose strongly during the quarter as vaccinations accelerated in the US, UK and Europe and despite concern over the Delta variant, which is causing an increase in infections worldwide. Economic growth is surging in developed markets as governments continue to ease restrictions and activity levels pick up. The US grew at an annualised rate of 6.4% in Q1-21. Although Europe contracted slightly in the same period, leading indicators indicate that a very strong recovery is well underway in Q2-21. However, inflation numbers are ticking upwards, creating real concern that the economic rebound and fiscal stimulus will entrench this in the coming months. The US Federal Reserve views the recent increases as temporary but has become a little more hawkish in actively discussing tapering and updating its "dot plot" for the potential of rate hikes in late 2022 rather than 2023.

North America was the best performing region in Q2-21, advancing 9.0% (in US dollar terms). The weakest return was from Japan, which declined 0.25% (in US dollar terms). Europe rose 7.7%, and Asia ex-Japan advanced 4.8% (both in US dollar terms). Emerging markets returned 4.4% compared to developed markets, which rose 7.9% both (in US dollar terms).

Amongst the global sectors, IT (+11.3%), real estate (+9.4%) and healthcare (+8.8%) were the best performing sectors for the quarter. The worst performing sectors were industrials (+3.7%), utilities (-1.5%) and materials (+4.7%). On a look-through basis, the Fund's largest exposures are to consumer discretionary, IT and communication services.

The outperformance for the quarter was largely driven by two investments, Contrarius Global Equity and Lone Monterey, which both generated returns of more than 15% over the quarter. This strong performance was offset against the Coronation Global Emerging Markets Fund, which had a difficult quarter. The remainder of the funds were in line or slightly behind the index for the period.

Contrarius benefited from its exposure to consumer discretionary and communication services stocks, which made the largest contribution to outperformance for the quarter. AMC Networks (+25.7%), Bed Bath & Beyond (+14.2%), Chicos (+98.8%) and Express (+61.4%) are examples of strong individual contributors. It wasn't all upside, though, as Endo International (-36.8%) and Sabre (-15.7%) detracted from performance.

After a poor first quarter, Lone Monterey surged due to the strong performance of most of its top holdings, such as Shopify (+32.0%), Microsoft (+15.2%), L Brands (+16.8%), Doordash (+36.0%), Snap (+30.3%) and Facebook (+18.6%). The Fund retains a large exposure to communication services, IT and consumer discretionary stocks.

Egerton Capital was marginally behind the index at 7.2% for the quarter. The Fund benefitted from its holdings in Alphabet (+21.2%), Charter Communications (+16.9%), L Brands (+16.8%), Microsoft (+15.2%) and Facebook but was held back by its financials and industrials exposure, where names such as Ryanair (-2.7%), Prudential (-10.7%), Charles Schwab (-1.4%) and CME Group (-3.4%) dragged the overall performance to less than the benchmark.

Tremblant and Eminence returned 6.2% and 6.4%, respectively. Tremblant's stock selection within the better-performing sectors let it down. With communication services, it benefitted from Charter Communications (+16.9%), but Disney (-4.7%) and Spotify (+2.9%) detracted. Similarly, in consumer discretionary, contributions from Amazon (+11.2%) and Doordash (36.0%) were cancelled out by Carlotz (-23.4%) and Brinker International (-13.0%). In the case of Eminence, it was held back by its exposure to financials and materials, which generally underperformed the market.

Coronation Global Equity Select underperformed for the quarter due to poor returns from certain consumer discretionary stocks, namely Auto1 (-22.7%), Melco Resorts (-16.8%), Naspers (-12.3%) and New Oriental Education (-46.3%). Momo.com (+29.5%) and Kering (+27.3%) did limit the damage within the same sector. Elsewhere, Airbus (+13.3%), Philip Morris (+13.0%), Salesforce (+15.3%) and Microsoft (+15.2%) also contributed to overall performance.

Coronation Global Emerging Markets Fund detracted from performance for the quarter, underperforming the GEM indices, which in turn underperformed developed markets. Naspers (-12.3%), New Oriental (-41.5%), Trip.com (-10.5%) were the key drivers within consumer discretionary, while Anglo American (-11.2%) and AngloGold (-15.4%) within the materials sector also added to the underperformance.

Outlook

The ongoing inflation debate will continue to cause bouts of volatility in the markets, but the central banks are unlikely to change course in the short term, and the monetary tightening will only happen gradually, and this should not meaningfully hamper the economic recovery. Strong growth and modest inflation should support company earnings, and while this is already reflected in valuations in parts of the market, it isn't in all parts, and some value remains. One should not forget the ongoing pandemic as some countries go through a third wave, and many do not yet have sufficient access to vaccines. The UK will remove all Covid-19 restrictions from 19 July despite rising infections within a highly vaccinated population. Vaccinations have significantly weakened the link between infection and hospitalisation/death, allowing for the restrictions to be removed, but it remains to be seen if this will persist and the obvious consequences should it not.