

## 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)	360.0%	223.8%	136.2%
Since Inception p.a.	7.6%	5.8%	1.8%
Latest 20 years p.a.	9.1%	7.4%	1.8%
Latest 15 years p.a.	8.9%	7.6%	1.3%
Latest 10 years p.a.	10.7%	10.1%	0.6%
Latest 5 years p.a.	14.3%	13.2%	1.1%
Latest 1 year	80.5%	54.6%	25.9%
Year to date	6.7%	4.6%	2.1%
Month	0.6%	2.7%	(2.0)%

## SECTOR EXPOSURE

Sector	% Strategy
Consumer Discretionary	26.2%
Information Technology	20.6%
Communication Services	17.4%
Financials	7.6%
Industrials	7.0%
Healthcare	6.7%
Materials	6.1%
Consumer Staples	5.8%
Real Estate	0.6%
Energy	0.6%
Utilities	0.1%
Interest Bearing	1.3%

## 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	20.5%
EGERTON CAPITAL EQ F-I USD	15.9%
CORONATION GEM EQUITY FUND	13.3%
LONE MONTEREY J PI MASTER	13.1%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	9.9%

## GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	62.5%
Asia	15.6%
Europe	15.4%
LATAM	2.5%
CEEMEA	2.0%
Japan	0.7%
Interest Bearing	1.3%

## CURRENCY EXPOSURE

Currency	% Strategy
USD	64.0%
EUR	7.7%
CNY	7.3%
GBP	5.6%
CAD	2.6%
INR	2.3%

Currency	% Strategy
TWD	1.7%
KRW	1.3%
BRL	1.2%
RUB	1.2%
CHF	1.0%
Other	4.1%

## 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.

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\* 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 6.7% for the quarter (Q1-21), against a benchmark return of 4.6%, bringing the rolling 12-month performance to 80.5% against the 54.6% returned by the MSCI All Country World Index.

The early days of 2021 saw further restrictions being implemented around the world as the Covid-19 virus re-emerged post the lockdowns in 2020, this time with more contagious mutations. Successful vaccination rollout strategies tempered the spread in the US, UK and Israel, where the various vaccines demonstrated their effectiveness in combatting the pandemic. However, production difficulties and the sheer number of doses required have meant that many countries are far behind in their fight against the virus. Despite this backdrop, markets remained buoyant as investors consider the favourable monetary and fiscal tailwinds and looked out to the "coiled spring" recovery when the worst of the pandemic eventually passes. Another \$1.9 trillion stimulus package in the US has underpinned the country's recovery, with some even fearing it will stoke inflation. The result was an increase in market yields and a rotation out of some of the "pandemic winners" (growth stocks) into more value-oriented positions.

North America was the best-performing region in Q1-21, advancing 5.7% (in US dollar terms). The weakest return was from Japan, which advanced 1.7% (in US dollar terms). Europe rose 4.2% and Asia ex-Japan advanced 4.6% (both in US dollar terms). Emerging markets returned 2.0% compared to developed markets, which rose 5.0% (both in US dollar terms).

Amongst the global sectors, energy (+20.6%), financials (+12.6%) and industrials (+7.4%) were the best-performing sectors for the quarter. The worst-performing sectors were consumer staples (-1.0%), utilities (-0.1%) and healthcare (+0.3%). On a look-through basis, the fund's largest exposures are to consumer discretionary, information technology (IT) and consumer staples.

The strong quarterly outperformance is mainly attributable to three funds, Contrarius Global Equity, Lansdowne Developed Markets and Eminence Capital. Other funds beating the benchmark over the quarter included Coronation Global Equity Select and Maverick Capital. Lone Pine declined over the quarter and consequently had the largest negative impact on performance. Tremblant and Coronation Global Emerging Markets also detracted from performance over the quarter by rising less than the benchmark.

Contrarius had a very strong quarter, continuing its recovery from its very poor Q1-20 performance. The Fund was up 34.0% for the quarter and significantly outperformed the Index. Performance came from its many positions in consumer discretionary companies, with Bed Bath & Beyond (+64.1%), The Michaels Companies (+68.6%), Signet Jewelers (+112.6%), Fossil (+43.0%) and Macy's (+43.9%) making significant contributions within this sector. Communications was the next biggest contributor, with positive returns from many of its positions, but most notably AMC Networks (+48.6%), Viacom CBS (+21.4%) and Fox (+24.7%).

Lansdowne Developed Markets benefited from its exposure to IT, materials and financials. Applied Materials (+55.1%) was key within IT, while ArcelorMittal (+30.5%) and Freeport-McMoRan (+26.6%) were the big contributors in materials. Within financials, the UK banks Barclays (+27.5%), Lloyds (+16.7%) and Natwest (+18.8%) delivered strong returns. The Fund retains its exposure to airlines, which are expected to continue a steady recovery as the pandemic passes.

Materials and consumer discretionary stocks drove Eminence's performance for the period. Positive contributions came from more than 13 positions in consumer discretionary, which rose more than 20% over the quarter. Tempur Sealy (+35.7%), Dave & Buster's Entertainment (+59.6%), Asbury Automotive (+34.8%) and Expedia (+30.0%) were the best within this group. Materials exposure included Corteva (+20.8%), Vulcan Materials (+14.0%) and Valvoline (+13.2%).

Returns were largely spread across all sectors for Coronation Global Equity Select, with communication services, financials and consumer discretionary on the higher side. Alphabet (+18.1%), BT Group (+17.1%), Porsche (+60.6%), Naspers (+17.0%), Prudential (+14.9%) and Capital One Group (+29.2%) were the biggest contributors among these three sectors.

Maverick Capital's top contributors were its IT and financials exposure. Applied Materials (+55.1%) was a big winner for them within IT, but Mediatek (+29.7%), Perspecta (+20.9%) and LAM Research (+26.3%) also made sizeable contributions. However, during the quarter, Maverick made a change to its senior portfolio management team and we decided to redeem our investment in full. Our exit will be complete by the end of April.

Lone Monterey was the only fund that declined over the period.

Among the funds detracting from relative performance over the quarter, Tremblant rose a modest 1.3%. Unfortunately, Tremblant's holdings in IT held back overall performance, with a number of positions falling by double digits. Examples include Nexi (-8.9%), Pros Holdings (-16.3%) and Q2 Holdings. Spotify (-14.8%) offset a large gain from Twitter (+17.5%) and a decline in Charter Communications (-6.7%) meant that overall, communication services was a net detractor.

Coronation Global Emerging Markets Fund outperformed its benchmark over the quarter, but as emerging markets lagged developed markets for the three-month period, the fund detracted from relative performance.

## Outlook

The global vaccination programme will continue to ramp up as supplies increase, and as long as restraint remains in place to prevent further vaccine-beating mutations, we can reasonably expect the second half of the year to be very positive. The US expects to vaccinate its adult population by May, followed by the UK in mid-July. Europe is making progress after a poor start and hopefully increased production will rapidly increase supply to the rest of the world. Central banks have made it clear that they are in no rush to remove monetary stimulus and governments are still providing fiscal support. President Joe Biden has started his \$2.5 trillion infrastructure push and, if successful, will mean further tailwinds for the next few years. Although there will be some hard choices in the medium term, in the short term, conditions remain favourable for equities.