

## 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

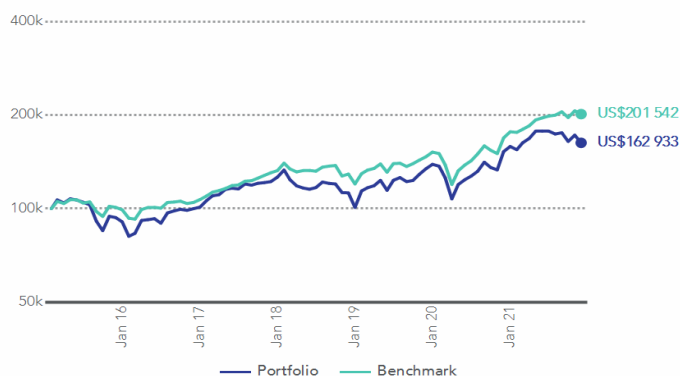
CLASS A as at 30 November 2021

Launch date	30 January 2015
Fund size	US\$ 252.84 million
NAV	16.29
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)	62.9%	101.5%
Since Launch (annualised)	7.4%	10.8%
Latest 5 years (annualised)	10.3%	14.0%
Latest 3 years (annualised)	13.2%	16.0%
Latest 1 year	6.7%	19.3%
Year to date	2.7%	14.0%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.2%	14.3%
Sharpe Ratio	0.36	0.70
Maximum Gain	31.3%	34.8%
Maximum Drawdown	(24.3%)	(21.4%)
Positive Months	58.5%	68.3%

	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)%		2.7%
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	30 Nov 2021
<b>Equities</b>	<b>100.0%</b>
North America	61.2%
Asia	22.3%
Europe	16.1%
South Africa	0.4%

## TOP 10 HOLDINGS

As at 30 Sep 2021	% of Fund
Jd.com Inc ADR	4.9%
Alphabet Inc	4.6%
Charter Communication A	4.5%
Prosus Na	4.3%
Visa Inc	3.8%
Philip Morris Int Inc	3.5%
Facebook Inc.	3.4%
Airbus Group Se	3.3%
Canadian Pacific Railway Ltd	3.2%
Anthem Inc	2.7%

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

Equity markets declined 1% over the third quarter, with a weak September (down approximately 4%) ending a strong run of consecutive positive monthly gains since February.

The Fund underperformed over the quarter, declining 7.4%. This weak quarterly result has also pulled longer-term returns lower: over three years, the Fund has returned 11.1% per annum (p.a.) (a marginal 1.5% behind the benchmark), and over five years the return of 10.6% p.a. is 2.6% behind.

The primary detractor, as a group, were the Fund's Chinese positions. Since November last year, various regulatory changes and investigations have been announced and carried out. It is likely that these changes are indicative of a more intrusive regulatory regime going forward, but the impact will vary by sector. Some of these regulations have similar objectives to regulations that are commonplace elsewhere globally, aimed at promoting fair competition, protecting consumers and safeguarding data. We think the intrusiveness of the various regulators and the resultant uncertainty has raised the hurdle rate for investing in China. But over the long term, we think China will remain a country with significant investment opportunities. We used the dislocations in the market to re-orient the portfolio to those businesses on the right side of regulatory change or where good businesses suffered price declines that meaningfully overshot our assessment of the regulatory risk. To do justice to this important topic, we will provide a comprehensive discussion on what has happened and our views in an upcoming *Correspondent* article.

The Fund's aggregate exposure to North American railroads also detracted from returns in the quarter. While we haven't discussed these investments in detail previously, our initial research work into the stocks dates back to 2012 with the first internal research note on Union Pacific stating: *"UNP has a strong, defensible moat, an ongoing pricing opportunity, and an inherent cost advantage relative to its substitute, trucking. At the current share price, the risk/reward is in one's favour"*.

It's quite remarkable how enduring the core of this investment thesis has proved. In many ways, today, nine years later, the investment case is largely unchanged.

The North American rail industry comprises three duopoly rail networks and one network traversing from Kansas City to Mexico. These assets cannot be replicated, form an important part of the North American supply chain backbone, and have a measure of pricing power that has allowed them to price in excess of their cost inflation over time. Management teams are shareholder-oriented. Over the past few years, there have been several developments in the industry that we think create an opportunity for these to be good investments over the next five years.

Firstly, CSX and Union Pacific, two of the US railroads, embarked on a new system of managing the railroads called Precision Scheduled Railroading (PSR), which emphasises moving cars through the network in a scheduled, point-to-point manner as opposed to the old hub-and-spoke model. This improved network throughput lowered operating costs, increased the network's physical capacity, and improved the responsiveness of the rails, as demonstrated by limited margin compression during the volume downturn in the second quarter of last year. The improved service levels enabled by PSR will help the rails to take market share from trucking over time. Historically, trucks have achieved over 90% of deliveries on time compared to 50-60% for rail. The gap has reduced significantly, with CSX claiming to have been on par with trucking in 2019.

Secondly, Covid-19 decimated the economy last year and, as mobility improves, we expect economic growth to pick up. However, as we stand today, inventory levels in the economy are below normal and global supply chains are stuttering. The railroads will be critical to getting inventory levels back to a normal level so that the economy can begin operating more smoothly. This should drive solid volume growth for the rails.

Thirdly, the rails compete with trucks over shorter haul lengths and for certain commodities. Currently, the truck market is facing driver and truck shortages, resulting in high truck prices. This has created an environment for the rails to achieve healthy pricing.

Given the above points, we think the US rails are well-positioned to generate low-double-digit free cash flow per share growth with an attractive starting valuation. Union Pacific is trading at a free cash flow yield close to that of the market, and we think it is an above-average business with better growth prospects over the next five years and above-average prospects in the case of surprise inflation. Canadian Pacific has, arguably, the best management team in the North American rail industry and is in the process of merging with Kansas City Southern, the Mexican railroad. The combined railroad can offer more efficient single-line service instead of having to interchange, the reliability of which we believe will be highly valued by shippers. Both seemingly have been impacted by concerns related to supply chain issues. In time the supply chain will untangle, and the rails will be important in supporting this.

Netflix was a top contributor in the third quarter. Netflix is the world's largest paid streaming video platform, with over 200m subscribers around the world. The company, led by visionary founder Reed Hastings, is extremely innovative and has shown the ability to disrupt itself to stay ahead of a dynamic market on numerous occasions – pivoting from rented DVDs to streaming in 2007, launching its first Netflix Original in 2013, and more recently its move into gaming, which we believe will bring significant benefits to already strong engagement metrics.

Netflix offers an unrivalled combination of global content production capabilities and distribution reach, giving it the ability to make and break great shows and movies around the world. The company has proven that good stories resonate globally, as evidenced by hit shows such as *Narcos*, *Lupin* or recent phenomenon *Squid Game*. Netflix Originals now dominate its Top 10 viewing lists.

Netflix has long been considered the disruptor of the traditional pay-tv bundle. However, we still see a significant growth runway, driven by latent pricing power and strong subscriber growth in international markets. Its home market, the United States, is often labelled mature, but we believe Netflix's pricing power is under-appreciated. Over 70m US households are still paying around \$100 per month for a traditional pay-tv bundle. Against this backdrop, Netflix is an absolute steal with an ARPU (average revenue per user) of \$14.50 per month and will continue to be a beneficiary of accelerating pay-tv declines in its core market for years to come.

Netflix is no longer without streaming competition, but we consider it well placed to be the streaming anchor in households worldwide. With continued strong tailwinds from the global disintermediation of the pay-tv bundle, its subscriber base could double over the medium term with above-inflation price increases. We expect earnings growth of over 25% per year over the medium term, with the company set to generate significant free cash flow going forward as content costs begin to moderate off a massive \$17bn base after years of accelerated investment. The Fund increased its position at prices below \$500 earlier this year.

Certain sectors of the equity market have suffered price dislocations, and we have repositioned the portfolio to take advantage of what we consider to be a more attractive opportunity set with higher embedded returns.

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

**Portfolio managers**  
**Neil Padoa and Humaira Surve**  
as at 30 September 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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