

## 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)	261.8%	199.6%	62.2%
Since Inception p.a.	5.9%	5.0%	0.9%
Latest 20 years p.a.	9.2%	8.4%	0.8%
Latest 15 years p.a.	5.6%	5.5%	0.1%
Latest 10 years p.a.	7.5%	8.7%	(1.2)%
Latest 5 years p.a.	2.4%	5.2%	(2.8)%
Latest 1 year	(23.7)%	(18.4)%	(5.3)%
Year to date	(23.7)%	(18.4)%	(5.3)%
Month	(4.4)%	(3.9)%	(0.5)%

## SECTOR EXPOSURE

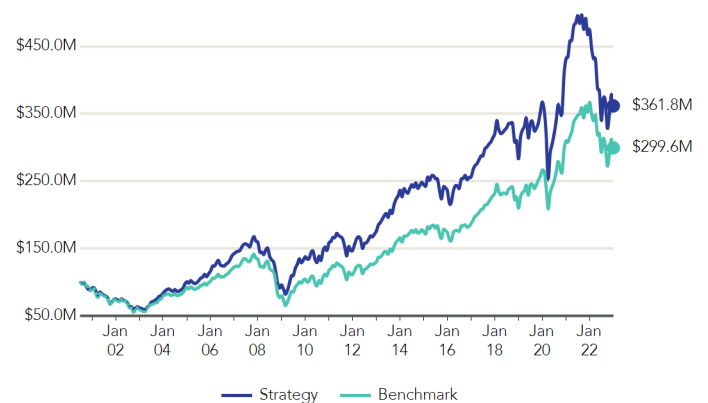
Sector	% Strategy
Consumer Discretionary	23.0%
Information Technology	18.3%
Industrials	13.1%
Communication Services	9.1%
Energy	8.5%
Financials	7.9%
Healthcare	6.6%
Materials	5.6%
Consumer Staples	4.0%
Real Estate	0.9%
Utilities	0.3%
Interest Bearing	2.7%

## GENERAL INFORMATION

Inception Date	01 July 2000 *
Strategy Size †	\$845.3 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	19.1%
EGERTON CAPITAL EQ F-I USD	19.0%
CORONATION GEM EQUITY FUND	11.7%
CORONATION GLB EQ SE-Z USD	11.4%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	11.4%

## GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	66.7%
Europe	16.5%
Asia	9.8%
LATAM	2.2%
CEEMEA	1.6%
Japan	0.4%
Other	0.1%
Interest Bearing	2.7%

## CURRENCY EXPOSURE

Currency		% Strategy
USD		66.5%
EUR		9.4%
CAD		6.2%
CNY		4.1%
GBP		3.3%

Currency		% Strategy
INR		2.1%
BRL		1.8%
KRW		1.3%
TWD		1.3%
Other		4.0%

## PORTFOLIO MANAGERS



Tony Gibson - BCom

Tony is a founding member and a former Chief Investment Officer (CIO) of Coronation. He has 41 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 22 years' investment experience.

## REGULATORY DISCLOSURE AND DISCLAIMER

The Prospectus and a Summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/>.

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](mailto: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 10.0% for the quarter (Q4-22), against a benchmark return of 9.8%, bringing the rolling 12-month performance to -23.7% against the -18.4% returned by the MSCI All Country World Index.

Q4-22 was a positive end to an otherwise very difficult year in which the war in Ukraine and the battle against raging inflation were a constant source of volatility and negative returns. A welcome rally over the period under review was driven by value stocks at the expense of growth stocks, many of which continued to sell off on growth concerns and rising interest rates. The market continues to speculate on the US Federal Reserve's (the Fed) future interest rate moves (despite the Fed's insistence that it will continue to hike) and the implication of these on the economy. This has led to choppy markets and will continue to do so in the medium term. A welcome change was the relaxation of Covid restrictions in China after widespread protests around the country. Although the immediate impact was felt through a sharp increase in Covid infections, the move should be economically positive for China and the global economy.

Europe was the best performing region in Q4-22, advancing 19.4% (in US dollar terms). The weakest return was from North America, which rose 7.1% (in US dollar terms). Japan advanced 13.3% and the Pacific ex-Japan rose 15.8% (both in US dollar terms). Developed markets marginally outperformed emerging markets, rising 9.9% compared to 9.2% (both in US dollar terms).

Amongst the global sectors, energy (+18.6%), industrials (+17.6%) and materials (+17.0%) were the best performing sectors for the quarter. The worst performing sectors were consumer discretionary (-2.5%), telecommunications (0.2%) and IT (4.9%).

The underlying managers had very mixed returns for the quarter, with most enjoying solid outperformance of the index, while two significantly underperformed.

Coronation Global Emerging Markets Fund had a very strong quarter, returning 15.4% and recovering some of its underperformance earlier this year. The Fund benefited from the lifting of Covid restrictions in China and the perceived relaxation of government control of the technology sector. Large contributors to performance included Tencent Music (+104%), Prosus (+30.0%) and Delivery Hero (+28.5%). JD.com (+11.5%) and Naspers (+32.2%) also made generous contributions to overall performance.

Contrarius Global Equity returned 12.4% for the period, allowing it to post a positive return of 5.7% for the 12 months, which is a very impressive return in a market that was down almost 20.0%. The Fund's energy exposure was key to quarterly performance, with Transocean (+84.6%), Valaris (+38.2%), Noble Corp (+27.5%), and Diamond Offshore Drilling (+56.8%) all delivering substantial gains. Just Eat (+31.4%), Delivery Hero (+28.5%), and Doordash (+12.2%) also assisted despite the general malaise in the consumer discretionary sector.

Egerton Capital has had a tough year but enjoyed a good Q4-22 with strong returns from its financial and consumer discretionary exposure. Mastercard (+22.5%), Schwab Corp (+16.2%), and Visa (+17.2%) are examples in the former category, while LVMH Moët Hennessy Louis Vuitton (+22.1%) and Richemont (+35.2%) helped the latter. Travel industry exposure also contributed, with Airbus (+36.0%), Safran (+35.4%), and Ryanair (+26.8%) all making excellent gains.

Similarly, Eminence Capital ended the year on a good note with 3.5% alpha. A big contribution came from discretionary consumer stock such as Just Eat (+31.4%), Tempur Sealy (+42.6%), and Spectrum Brands (+57.4%). The materials and industrial stocks also made a significant contribution to performance.

On the downside, Lone Monterey and Tremblant endured another difficult quarter, and both have underperformed by a large margin over the calendar year. Lone Monterey was 5.6% behind the index, mainly caused by its holdings in Amazon (-25.7%), Advanced Micro Devices (-16.6%), Salesforce (-17.3%), and Paypal (-8.9%). Tremblant lagged by 9.4%, also caused by its technology stocks. Amazon (-25.7%), Farfetch (-36.5%), Palo Alto Networks (-14.8%), and Q2 Holdings (-16.6%) were some of the bigger detractors.

## Outlook

While welcome, the year-end rally is unlikely to herald a new bull market in 2023. The days of "easy" money are over and the rapid rise in interest rates continues to ripple through the markets and companies face many headwinds in the medium term. Some are already announcing workforce cuts, most notably two of the lockdown era stars – Amazon and Meta. The first half of 2023 will likely see higher interest rates in the US and Europe and a further deterioration in the economies in these regions. Inflation is also expected to fall into mid-2023 and this may set the scene for a reduction in rates toward the end of the year. There is a long way to go before that happens and, in the short term, we can expect to see some more dips and rallies.