

## 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)	240.5%	193.0%	47.5%
Since Inception p.a.	5.7%	5.0%	0.7%
Latest 20 years p.a.	8.3%	7.6%	0.7%
Latest 15 years p.a.	5.3%	5.3%	0.0%
Latest 10 years p.a.	8.0%	9.4%	(1.4)%
Latest 5 years p.a.	3.4%	7.0%	(3.6)%
Latest 1 year	(31.3)%	(15.8)%	(15.5)%
Year to date	(28.2)%	(20.2)%	(8.0)%
Month	(11.1)%	(8.4)%	(2.7)%

## SECTOR EXPOSURE

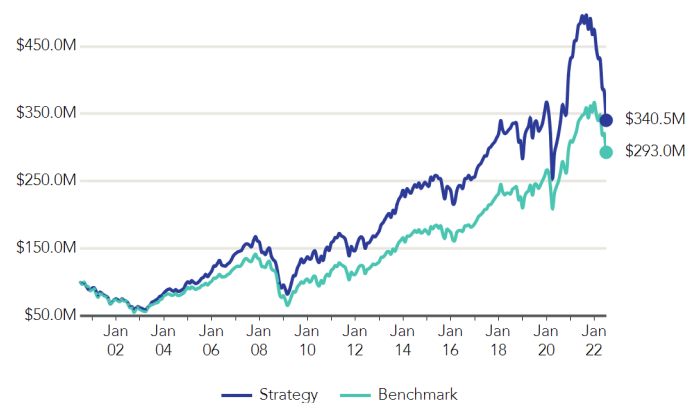
Sector	% Strategy
Information Technology	22.0%
Consumer Discretionary	22.0%
Communication Services	11.0%
Industrials	10.7%
Energy	7.3%
Healthcare	6.9%
Financials	6.7%
Materials	6.1%
Consumer Staples	3.7%
Real Estate	1.0%
Utilities	0.4%
Interest Bearing	2.2%

## GENERAL INFORMATION

Inception Date	01 July 2000 *
Strategy Size †	\$742.4 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
EGERTON CAPITAL EQ F-I USD	17.9%
EMINENCE LONG FUND	16.0%
CORONATION GEM EQUITY FUND	12.7%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	12.4%
LONE MONTEREY	10.5%

## GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	71.1%
Europe	12.1%
Asia	10.5%
LATAM	1.9%
CEEMEA	1.7%
Japan	0.3%
Other	0.2%
Interest Bearing	2.2%

## CURRENCY EXPOSURE

Currency		% Strategy
USD		67.3%
CAD		6.4%
EUR		5.9%
GBP		5.3%
CNY		4.7%

Currency		% Strategy
TWD		2.0%
BRL		1.5%
INR		1.4%
KRW		1.3%
Other		4.2%

## 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 21 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 declined 20.9% for the quarter (Q2-22), against a benchmark return of -15.7%, bringing the rolling 12-month performance to -31.3% against the -15.8% returned by the MSCI All Country World Index (ACWI).

Q2-22 was another difficult quarter for global equity markets, and this is now the worst first half of a year for developed market equities in more than 50 years. This was largely due to the shift to a far more hawkish stance by the US Federal Reserve and other central banks to combat persistent inflation which is at multi-year highs in many countries. The economic outlook of increased rates and its potential to cause a recession put pressure on growth expectations and equity valuations, causing sharp declines in equity markets. Long duration growth stocks bore the brunt of this, with the Nasdaq 100 falling 22.5% over the quarter.

The Pacific ex-Japan was the best performing region in Q2-22, despite declining 14.1% (in US dollar terms). The weakest return was from North America, which declined 16.7% (in US dollar terms). Europe fell 14.2% and Japan fell 14.6% (both in US dollar terms). Developed markets performed worse than emerging markets, declining 16.2% compared to -11.4% (both in US dollar terms).

Amongst the global sectors, energy (-5.9%), consumer staples (-7.0%) and healthcare (-7.5%) were the best performing sectors for the quarter. The worst performing sectors were consumer discretionary (-24.1%), IT (-21.9%) and materials (-20.2%). On a look-through basis, the Fund's largest exposures are to consumer discretionary, IT and communication services. The Fund has very little exposure to consumer staples, utilities, and real estate.

The underlying funds generally struggled over the quarter and most underperformed the ACWI. Only Coronation Global Emerging Markets performed better, though it did underperform against the MSCI Emerging Markets Index. Recent performance has been disappointing, but the managers of the various funds have mostly retained conviction in their positions, believing many holdings to be oversold in the market panic over the direction of interest rates. On a three-to-five-year view, there are a number of the stocks that offer very attractive valuations even if interest rates do increase from here.

Tremblant Global Growth was the worst performing fund, losing 28.3% over the quarter. This was driven largely by its consumer discretionary and IT stocks (-21% combined). Uber Technologies (-42.7%), Smartsheet (-42.6%), Shift 4 Payments (-46.6%) and DoorDash (-45.2%) were the worst amongst the IT stocks, while Amazon (-34.8%), Spotify (-37.9%) and Walt Disney (-31.2%) are from consumer discretionary.

Lone Pine Monterey had another tough quarter, falling 26.8%. Like Tremblant, exposure to IT and consumer discretionary stocks caused the most damage, while communications also contributed to the large decline. Snap (-63.5%), Workday (-41.7%), Shopify (-36.9%) and Amazon (-34.8%) are examples of the biggest fallers.

Eminence Classic Long Fund and Contrarius Global Equity Fund declined 22.2% and 23.0% respectively. Eminence's biggest drivers of negative performance were the IT and consumer discretionary sectors (albeit to a much lower degree than the two funds discussed earlier on in the commentary) but also from the healthcare and industrial sectors. Stocks from the latter two sectors include Exact Sciences (-43.7%), Cresco Labs (-58.1%), Verano (-42.3%) and Vertiv Holdings (-41.3%). Contrarius, on the other hand, was more affected by the energy and materials sectors with some additional impact from communications stocks. Cleveland Cliffs (-52.3%), EW Scripps (-40.0%), Transocean (-27.1%) and Paramount Global (-34.1%) were amongst the worst performers.

Egerton Capital and SEG Crosby Street fell 18.2% and 16.7%, respectively, and were similarly impacted by IT, communications, and consumer discretionary stocks.

## Outlook

The outlook is clouded with uncertainty and investors are seeking clarity as inflation, increasing interest rates and moderating economies converge. The war in Ukraine rages on, creating uncertainty in the energy markets, particularly in Europe. Inflation is expected to moderate over coming months, but energy market disruptions could derail this somewhat. Central banks are now committed to reining in inflation, maybe even to the detriment of their economies which are generally slowing, and some could potentially tip into recession. Equity markets have fallen substantially and are now pricing in a lot of bad news but slowing demand and rising rates could still put further pressure on earnings, which could lead to further declines. However, moderating inflation, leading to a more gradual tightening in rates over the remainder of the year, would be more positive for markets.