

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)	329.9%	247.4%	82.5%
Since Inception p.a.	6.9%	5.9%	1.0%
Latest 20 years p.a.	9.1%	8.0%	1.1%
Latest 15 years p.a.	7.4%	7.0%	0.4%
Latest 10 years p.a.	9.9%	10.8%	(0.9)%
Latest 5 years p.a.	9.3%	11.6%	(2.3)%
Latest 1 year	(6.5)%	7.3%	(13.8)%
Year to date	(9.4)%	(5.4)%	(4.0)%
Month	(0.6)%	2.2%	(2.8)%

SECTOR EXPOSURE

Sector	% Strategy
Consumer Discretionary	23.9%
Information Technology	21.5%
Communication Services	14.1%
Industrials	9.5%
Materials	6.1%
Financials	6.0%
Healthcare	5.9%
Energy	5.1%
Consumer Staples	3.1%
Real Estate	1.3%
Utilities	0.3%
Interest Bearing	3.2%

GENERAL INFORMATION

Inception Date	01 July 2000 *
Strategy Size †	\$841.0 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	18.1%
EGERTON CAPITAL EQ F-I USD	18.1%
CONTRARIUS GLOBAL EQUITY FUND LTD OPEN-END FUND	14.1%
CORONATION GEM EQUITY FUND	13.1%
LONE MONTEREY J 1021	11.6%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	69.1%
Asia	11.4%
Europe	11.2%
LATAM	2.9%
CEEMEA	1.8%
Japan	0.4%
Interest Bearing	3.2%

CURRENCY EXPOSURE

Currency		% Strategy
USD		65.4%
CAD		6.9%
CNY		5.9%
EUR		5.6%
GBP		4.9%

Currency		% Strategy
BRL		2.4%
TWD		2.1%
KRW		1.5%
INR		1.4%
Other		3.9%

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 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 9.4% for the quarter against a benchmark return of -5.4%, bringing the rolling 12-month performance to -6.5% against the +7.3% returned by the MSCI All Country World Index.

The first quarter of 2022 has been difficult for markets. The period was dominated by the build-up to and eventual invasion of Ukraine by Russia in late February. The crisis caused a sharp increase in the price of many commodities, but most notably oil and gas, of which Russia is a major producer. Europe is a major importer of these, making it especially vulnerable to the conflict. The view that inflation was transitory was already under review at the beginning of the year, and central banks have become more hawkish since then, with the US Federal Reserve raising rates by 0.25% while making clear that further increases will be needed. The Bank of England raised rates twice in the quarter, while some emerging market central banks also raised rates. They all face a delicate balance as the Russian-Ukraine crisis exacerbates inflation while also affecting growth prospects as sanctions and supply chain constraints take hold.

The Pacific ex-Japan was the best performing region in Q1, advancing 3.0% (in US dollar terms). The weakest return was from Europe, which declined 7.2% (in US dollar terms). North America declined 4.8%, and Japan fell 3.0% (both in US dollar terms). Developed markets fell 5.0%, strongly outperforming emerging markets which declined 7.3% (both in US dollar terms).

Amongst the global sectors, energy (+30.0%), utilities (+0.8%) and materials (+1.5%) were the best performing sectors for the quarter. The worst performing sectors were telecoms (-10.7%), consumer discretionary (-10.8%) and IT (-10.3%). On a look-through basis, the Fund's largest exposures are to consumer discretionary, IT and communication services, and it has very little exposure to utilities and real estate.

It was a difficult quarter for the underlying funds, with most of them lagging the index for the period. Lone Pine Monterey and Coronation Global Emerging Markets were the two biggest fallers, while Lansdowne, Tremblant, Egerton, Coronation Global Equity Select and Eminence all lagged the index by around 5%. Contrarius Global Equity had a very strong quarter, rising 24%, and was the only Fund to outperform the index over the quarter.

Lone Pine Monterey is experiencing a very tough period of poor performance, but we are confident that their experience will drive them to recover and enhance their exceptional long-term track record. Their positions in tech and consumer discretionary stocks moved against them during the quarter, with big falls from Shopify (-50.9%), RH (-39.2%), Farfetch (-35.1%), JD.com (-22.7%) and KE Holdings (-38.5%).

Coronation Emerging Markets declined 21.3% as its exposure to Russian assets was valued at almost zero off the back of the severe sanctions and illiquidity arising from the invasion of Ukraine. The Fund has investments in solid businesses, many of which are expected to continue to do well in their local market despite the extensive sanctions now in place, but which are now subject to the outcome of the war to establish their value for foreign investors. The Fund's Chinese tech exposure also continued to be volatile and negatively affected performance for the quarter. Commodity related stocks such as Anglo American (+33.8%), Petrobras (+34.8%) and AngloGold (+13.6%) did have a small positive impact.

Egerton underperformed for the period, falling 9%, with most of the damage coming from its consumer discretionary exposure such as Shopify (-50.9%), Bath & Body Works (-31.3%) and Netflix (-29.1%). Their financials - including KKR (-21.3%) and Intessa Sanpaolo (-21.1%) and tech stocks Microsoft (-8.1%) and Snap (-23.5%) - also detracted. Canadian National Railway (+9.7%) and Canadian Pacific Railway (+15.0%) provided a little uplift in an otherwise bleak quarter.

Coronation Global Equity trailed the index for similar reasons mentioned above – consumer discretionary and tech stocks. Prosus (-35.4%), Meta Platforms (-33.9%), Netflix (-37.8%) Just Eat (-29.8%) and JD.com (-17.4%) are some examples of the bigger detractors. As with Coronation GEM, the commodity exposures provided a small uplift this time through Gold Fields (+44.7%), Northam Platinum (+22.3%) and Anglo American (+32.5%).

Tremblant, Eminence and Lansdowne followed a similar pattern whereby consumer discretionary and tech stocks caused them to lag the index for the quarter.

Ending on a positive note, Contrarius Global Equity had a very strong quarter, benefitting greatly from a large exposure to resources and related stocks and the sharp rise in gas and oil prices. Teck Resources (+42%), Range Resources (+70.4%), Alpha Metallurgical Resources (+116.1%), Transocean (+65.6%) and Valaris (+44.4%) are the best examples of the contributors to this.

Outlook

The Ukraine invasion has clouded the recovery from the pandemic and the return to normal that everyone was expecting. Growth forecasts have been amended down, and inflation expectations are up on higher commodity prices. Central banks are already in tightening mode, and all face a delicate balance of taming inflation without wrecking the recovery that is now under pressure from sanctions and supply chain constraints. Equity valuations are reasonable, although the US is trading at a premium. The markets will have to navigate significant changes over the next few quarters, and we expect our managers will take advantage of any opportunities that arise within the volatility.