*Please note that the commentary is for the US dollar retail class of the Fund. The feeder Fund is 100% invested in the underlying US dollar Fund. However, given small valuation, trading and translation differences for the two Funds, investors should expect differences in returns in the short term. Over the long term, we aim to achieve the same outcome in US dollar terms for both Funds.*

The Fund advanced 8.9% against a benchmark return of 4.6% over the quarter (Q1-21), bringing the rolling 12-month performance to 81.5% compared to 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 considered 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).

Among 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 (-0.1%), 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 two funds, Contrarius Global Equity and Lansdowne Developed Markets. Others beating the benchmark over the quarter included Coronation Global Equity Select and Maverick Capital. Tremblant, SEG Crosby Street and Coronation Global Emerging Markets detracted from performance over the quarter.

Contrarius had a very strong quarter, continuing its recovery from a very poor Q1-20 performance. The Fund was up 34.0% in Q1-21 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. The Fund's communications portfolio holding was the second-largest contributor to performance, 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 its IT exposure, 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.

Coronation Global Equity Select's returns were largely spread across all sectors, 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 best contributors included its IT and financials exposure. Applied Materials (+55.1%) was a big winner for the Fund in 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. This was in effect by the end of March 2021.

The Funds detracting from relative performance included Tremblant, which rose a modest 1.4% over the quarter. 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. SEG Crosby Street, a new investment with effect from March, underperformed for the month but has outperformed strongly over the prior 12 months, and we look forward to future strong performance from them. Finally, 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, conditions remain favourable for equities in the short term.

Portfolio managers
Tony Gibson and Karl Leinberger
as at 31 March 2021