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

The fund rose 16.1% against the benchmark decline of 12.2%, bringing the rolling 12-month performance to 0.6% against the 2.6% returned by the MSCI All Country World Index.

Following the steep declines of December 2018, global equity markets rebounded strongly in the first quarter of 2019 (Q1-19) as the US Federal Reserve (Fed) pivoted from forecasting further rate hikes in 2019 to no further hikes until 2020 - an announcement that was well received by investors. Coupled with a reasonably good reporting season and oversold stocks, this led to the strong gains seen in most asset classes. However, it was not all positive news as the US-China trade talks continued with no sign of a resolution and Europe remains consumed by Brexit which, at the time of writing, is set to be delayed again - potentially until the end 2019.

North America was the best performing region in Q1-19, advancing 14.0%. The weakest return was from Japan, which rose only 6.9% (in US dollar terms). The Pacific ex-Japan rose 12.3% and Europe advanced 11.0% (both in US dollar terms). Emerging markets enjoyed a strong quarter, rising 9.9% but still lagged developed markets, which advanced 12.5% (both in US dollar terms). On a look-through basis, the fund is overweight North America, equal weight to Europe and underweight Japan. It is also marginally overweight emerging markets.

Amongst the global sectors, information technology (+19.2%), real estate (+15.3%) and industrials (+13.9%) rose the most. The worst-performing sectors were healthcare (+7.6%), financials (+7.7%) and utilities (+9.3%).

After a very-weak fourth quarter in 2018, all the underlying managers, bar one, rebounded strongly in Q1-19. The standout example is Coronation Global Emerging Markets which rose 23.0% over the period. The fund benefited from gains in New Oriental Education, which delivered better-than-expected revenue gains. Chinese beer company, Wuliangye Yibin, delivered strong gains after guiding that net income will rise 40% due to strong liquor sales volumes and prices. Additionally, Airbus rose 40.4% after scrapping its unprofitable A380 aircraft and forecasting 15% growth in earnings per share in 2019.

Contrarius Global Equity delivered alpha of 4.7% quarter in Q1-19, benefiting from its exposure to the materials and communication services sectors; Fortescue Metals Group (+78.0%) benefited from a tightening in the iron ore market following the tragic collapse of a Vale mine dam in Brazil; Freeport McMoRan also rose strongly on takeover speculation; and Facebook (+27.1%) rebounded after releasing strong earnings and surmounting its regulatory issues, for now.

Tremblant Capital returned 19.0% over the period buoyed by strong gains from PagSeguro Digital (+59.4%), a Brazilian payments solutions company and Skechers (+46.8%). Coronation Global Equity Select generated a return of 17.7%, with Facebook (+27.1%), Charter Communications (+21.7%) and British American Tobacco (+29.8%) all contributing.

Lansdowne Developed Markets was slightly disappointing over the period, with a return of only 8.0% - somewhat behind the benchmark. This was most likely due to its exposure to airlines both in the US and Europe, which declined after the Boeing 737 Max 8, operated by Ethiopian Airlines, crashed in March. In addition to this, airfares are under pressure and fuel prices increased on the back of a higher oil price.

Outlook

Low interest rates and some growth can be said to be positive for stocks, but the recent swings in response to relatively-minor changes in interest rates and the outlook for growth would point towards market vulnerability. Consequently, risk remains elevated. Further, the US-China trade talks remain ongoing and, despite positive soundbites in March, could end with no agreement, which would clearly be disruptive.

Portfolio manager
Tony Gibson and Karl Leinberger
as at 31 March 2019