

LONG TERM OBJECTIVE

The Coronation All Africa Strategy aims to maximise the long-term risk-adjusted returns available from investments on the continent through capital growth of the underlying stocks selected. It is a flexible portfolio primarily invested in listed African equities or stocks listed on developed and emerging market exchanges where a substantial part of their earnings are derived from the African continent. The exposure to South Africa is limited to 50%. The Strategy may hold cash and interest bearing assets where appropriate.

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. The Portfolio is constructed on a clean-slate basis based on the relative risk-adjusted upside to fair value of each underlying security. The Portfolio is constructed with no reference to a benchmark. 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	LIBOR	Active Return
Since inception cum.	153.7%	6.6%	147.1%
Since Inception p.a.	10.1%	0.7%	9.4%
Latest 5 years p.a.	6.2%	0.7%	5.5%
Latest 1 year	43.4%	1.5%	41.9%
Year to date	9.7%	0.5%	9.2%
Month	1.9%	0.2%	1.7%

*For a side-by-side comparison of gross and net performance, please refer to <http://www.coronation.com/us/strategy-performance>

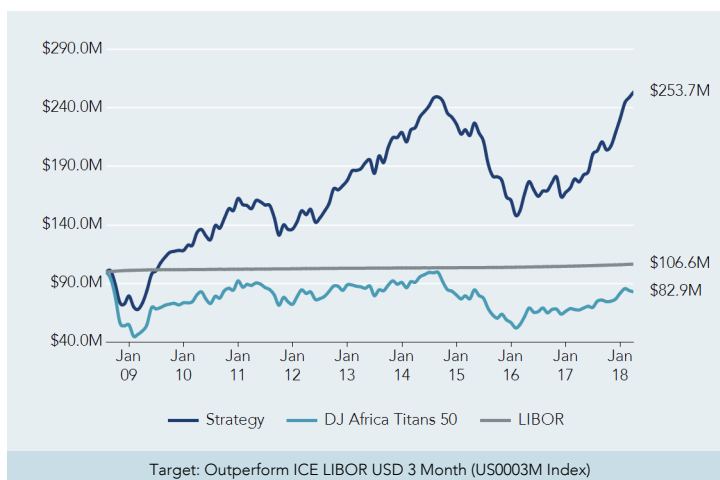
SECTOR EXPOSURE

Sector	% Strategy
Financials	25.4%
Consumer Goods	24.1%
Basic Materials	14.3%
Telecommunications	12.2%
Consumer Services	6.8%
Health Care	4.7%
Oil & Gas	3.5%
Industrials	3.3%
Technology	0.9%
Utilities	0.8%
Interest Bearing	4.0%

GENERAL INFORMATION

Inception Date	01 August 2008
Strategy Size	\$86.0 million
Strategy Status	Open
Target	Outperform ICE LIBOR USD 3 Month (US0003M Index)
Redemption Terms	An anti-dilution levy will be charged
Base Currency	USD

GROWTH OF US\$100M INVESTMENT



The performance shown is gross of fees.

GEOGRAPHIC EXPOSURE

Country	% Strategy
Egypt	27.3%
South Africa	24.0%
Nigeria	15.4%
Zimbabwe	13.0%
Kenya	11.4%
Tanzania	2.6%
Zambia	1.0%
Uganda	0.8%
Ghana	0.4%
United Kingdom	0.1%
Interest Bearing	4.0%

PORTFOLIO MANAGER



Peter Leger - BScEng, BCom (Hons), CFA

Peter is head of Global Frontier Markets and manager across all strategies within the investment unit. He joined Coronation in 2005 and has 20 years' experience in African financial markets as both a portfolio manager and research analyst.

FUND MANAGER

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The volatility of the ICE LIBOR USD 3 Month Index ("Benchmark") represented above may be materially different from that of the Strategy. In addition, the holdings in the accounts comprising the Strategy may differ significantly from the securities that comprise Benchmark. The Benchmark has not been selected to represent an appropriate benchmark to compare the Strategy's performance, but rather is disclosed to allow for comparison of the Strategy's performance to that of a well-known and widely recognized benchmark. Material facts in relation to the Benchmark are available here: <https://www.theice.com/iba/libor>. In addition, for further information, we have also included the DJ Africa Titans 50 Index above. Material facts in relation to this benchmark are available here: <http://www.djindexes.com/titans>.

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REVIEW FOR THE QUARTER

After a strong performance in 2017, markets across Africa continued to rise in the first three months of 2018. Against this backdrop, the strategy's gross return was 9.7%, compared to its target (3 month USD LIBOR + 4%), which was up 1.5%, and the Dow Jones Africa Index, which was up 1.3% for the quarter.

While volatility increased in developed markets, the large African economies shrugged off these concerns and went from strength to strength. Over the quarter, Egypt was up 15.1%, Kenya up 13.7%, Nigeria up 9.5% and Morocco up 7.4%. South Africa was down 1.6% after a very strong final quarter of 2017. Zimbabwe was down 10.1%, however, this is somewhat misleading as the decline in equity prices was due in part to an improved economic outlook and increased trust in the monetary system. Equities are no longer viewed as a necessary safe haven and cash holdings have increased in the hope of currency normalisation following the November 2017 regime change.

The main contributors to performance over the quarter were Eastern Tobacco, Stanbic IBTC and Seplat Petroleum which contributed a combined 4.8% to the strategy's performance. Eastern Tobacco benefited from a number of improvements in its corporate governance, the share's inclusion in the MSCI EM and FTSE Indices and speculation that the company would pay out its excess cash reserves by way of an interim dividend. An interim dividend was confirmed in early April. There were no meaningful detractors with no single position detracting more than 20 basis points (bps).

We continue to be fully invested in Egypt and very excited about our various investments' prospects. Over the quarter we met a number of Egyptian corporates in Cairo, Cape Town and Dubai. Most talked to an improving trading environment. Inflation has normalised with March seeing headline inflation of 13.3% down from the 33.0% peak in July 2017. The Central Bank cut interest rates by 200 bps during the quarter and most economists expect further cuts in the coming months. The reforms put through over the past two years are already bearing fruit. As inflation and interest rates continue to decline, we would expect Egypt to experience a multi-year period of growth. Given the past few years of hardship it is unsurprising that many of the companies we meet have earnings well below our estimate of normal. As such, despite the stock market performance, we continue to find companies that are trading below their intrinsic value.

The strategy significantly increased its exposure to Qatar National Bank Al Ahly (QNBA) over the quarter. QNBA is the largest private sector bank by loans and second largest by deposits in Egypt. The bank is well positioned to benefit from Egypt's improved business confidence. As interest rates decline, loan volumes should pick up meaningfully. As loans increase, so too should the associated fees and commissions. This will drive a normalisation in non-interest revenue which is currently at multi-year lows. Longer term the Egyptian banking sector is incredibly attractive. Credit penetration is very low at c.35% and retail growth should continue for years to come. Finally, QNBA's parent Qatar National Bank is well funded with strong international relationships that stand to benefit QNBA. The share trades at half the price to book multiple of the more liquid Commercial International Bank (CIB). We don't believe that simply because a company has a larger free float that it should trade at twice the price of a less liquid peer. As a result, while we believe that CIB is an attractive investment in its own right, we believe that QNBA is more attractive from a valuation perspective.

While we remain excited by the holdings in Egypt and across the strategy, we are always sceptical when years start as strongly as 2018 has. We are pleased with performance year-to-date but remain mindful that markets are volatile and seldom increase in a straight line. We continue to believe that for the valuation-focused bottom-up investor returns in the long run will be attractive despite any near-term volatility.