CORONATION

AGGRESSIVE EQUITY STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 SEPTEMBER 2019

CORONATION TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Aggressive Equity Strategy is our aggressive offering within our equity product range. The Strategy is constructed on a clean-slate basis with no reference to a benchmark, and seeks to outperform the equity market over meaningful periods (defined as at least 5 years).

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their long-term underlying 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 the probability of a permanent loss of capital.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	1,221.5%	902.2%	319.3%
Since Inception p.a.	15.7%	13.9%	1.8%
Latest 15 years p.a.	15.7%	14.1%	1.6%
Latest 10 years p.a.	11.5%	11.0%	0.5%
Latest 5 years p.a.	3.4%	3.6%	(0.2)%
Latest 1 year	4.4%	(2.4)%	6.8%
Year to date	8.7%	1.4%	7.3%
Month	3.4%	0.7%	2.7%

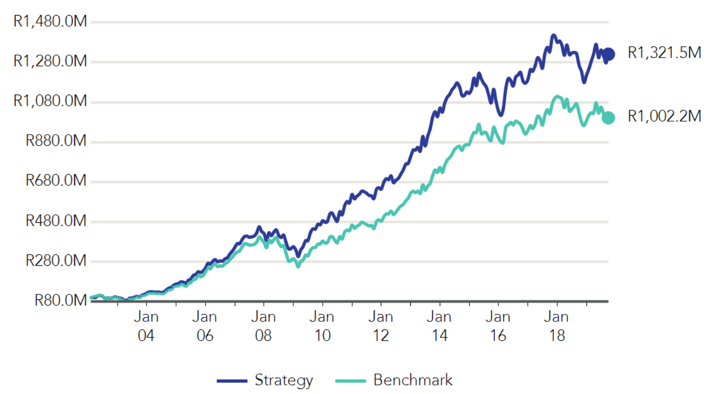
TOP 10 HOLDINGS

Holding	% Strategy
ANGLO AMERICAN PLC	10.3%
BRITISH AMERICAN TOBACCO PLC	9.7%
NASPERS LIMITED	8.0%
STANDARD BANK GROUP LTD	6.1%
MTN GROUP LIMITED	5.4%
NORTHAM PLATINUM LIMITED	5.3%
NEDBANK GROUP LIMITED	4.7%
PROSUS	4.5%
MONDI LIMITED	3.5%
QUILTER PLC	3.4%

GENERAL INFORMATION

Inception Date	01 February 2002
Strategy Size	R13.89 billion
Strategy Status	Open
Mandate Benchmark	JSE Capped Shareholder Weighted Index (Capped SWIX*)
Dealing Frequency	Daily
Base Currency	ZAR

GROWTH OF R100M INVESTMENT



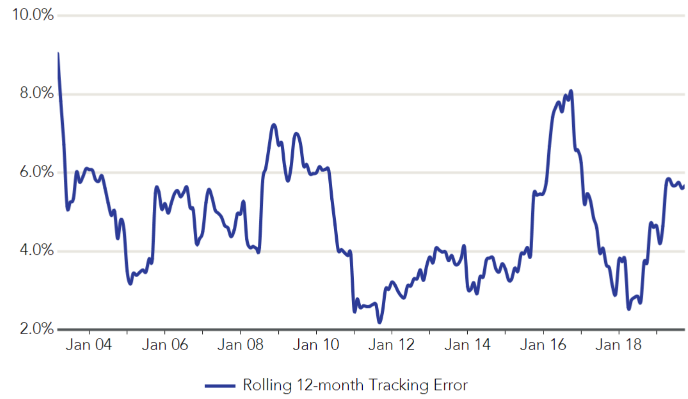
Benchmark: JSE Capped Shareholder Weighted Index (Capped SWIX*)

*FTSE/JSE Capped Shareholder Weighted Index from 01 May 2017. Previously 50 Low Resources (inception to 31 January 2002) and FTSE/JSE Shareholder Weighted Index (01 February 2002 to 30 April 2017).

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Average Annual Return	16.9%	15.1%
Tracking Error	4.5%	
Information Ratio	0.4	
Annualised Standard Deviation	14.4%	14.3%
Maximum Drawdown	(32.7)%	(37.0)%

TRACKING ERROR



SECTOR EXPOSURE

Sector	% Strategy
Basic Materials	29.1%
Financials	20.3%
Consumer Services	17.9%
Consumer Goods	13.7%
Technology	6.1%
Telecommunications	5.4%
Health Care	4.9%
Industrials	2.6%

PORTFOLIO MANAGERS

Neville Chester - BCom, CA (SA), CFA

Neville is a senior member of the investment team with 22 years' investment experience. He joined Coronation in 2000 and manages Coronation's Aggressive Equity Strategy.

Nic Stein - BBusSc, CA (SA), CFA

Nic joined the Coronation investment team in 2009 as an equity analyst and has 10 years' investment experience. He currently co-manages Coronation's Aggressive Equity Strategy and the Coronation Resources unit trust fund. Nic also analyses a number of shares spanning mining and the financial services sectors.

DISCLAIMER

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REVIEW FOR THE QUARTER

The big contributor to this quarter has been our exposure to platinum through Northam Platinum. The listed platinum miner delivered a return in excess of 40% as the price of the overall platinum group metals' (PGMs) basket rose, and the company showed improving results and strong cash generation. The progress on Booysendal - its new, low-cost, mechanised mine - continues to be in line with project and budget, and this is gaining further recognition in the market. The fundamentals driving the higher prices in the PGM markets are firmly in place, as continued demand from automobile manufacturers due to tightening emissions standards meets declining supply from an industry that has not invested in new mines for close on a decade.

Our holding in Distell, the African cider, wine and spirits producer, also delivered a positive return this quarter, as their results showcased a business that has managed to maintain market share and revenue growth in a tough environment and opened up operating margins through significant efficiency programmes. This should continue into the period ahead and will be further boosted by initiatives into Africa, where its products are gaining much traction and new routes to market take hold.

After a number of disappointing results periods, Woolworths came through with a much-improved performance as their South African (SA) clothing business showed signs of a turnaround. While the Australian operations remain weak, the improved results from SA clothing and continued strong performance from SA food saw the share price move up strongly as the market repriced expectations for the group going forward. With Australia likely to show stronger earnings over the next few years as significant one-off's drop out of the base, the expectation now is for the group to grow earnings materially in the years ahead.

A big contributor to the strategy's relative performance this quarter (and this year) was virtually no exposure to Sasol. After a series of disappointing updates about their massive Lake Charles Chemicals Project (LCCP) this year, the company managed to further disappoint the market with a weak trading update, followed a month later by a delay in the production of their results due to auditor concerns around controls at the LCCP. This delay was extended further and, as it stands, we have yet to see Sasol's June year-end results. These are all concerning issues; however, the market has now taken an extremely dim view on the group and its management, with the share price down over 40% since the beginning of the year. At these levels, despite the challenges the group faces, we think the share offers sufficient margin of safety to own a position and we have built a position in Sasol in the strategy.

Most exposure to SA-facing companies struggled in the quarter. The sentiment locally remains poor, and the brutally tough economic environment means there is very little revenue growth to be had for purely South African companies. Foreign investors have generally been sellers, putting more pressure on the share prices of most domestic stocks. While the banks we own all showed decent earnings numbers for the half year, they have all sold down further as concerns over the general outlook for SA, and worries over potential debt downgrades, has weighed on sentiment.

The much-hyped Naspers/Prosus unbundling occurred towards the end of the quarter and has proved to be a damp squib. The reduced discount that Prosus trades at relative to its underlying holdings has been replaced by a larger discount at the Naspers level and, on the whole, shareholders are no better off currently than where they started at. Tencent, the key driver of the group's performance, has also underperformed this quarter, putting additional pressure on the share price. Ultimately, it is likely that the discount will narrow, and we do expect management to take further actions to reduce the discount at which the overall group trades.

Global macro conditions remain fragile as trade wars and extreme political events remain prevalent. Locally, the gloom that has descended on the domestic economy looks unlikely to lighten and the Medium-Term Budget Policy Statement (MTBPS) that will be delivered at the end of October is unlikely to bring any cheer. It is, however, in this tough environment where active management can add significant value and we remain excited about the positions in the strategy and the potential for great long-term returns from these levels.