

LONG TERM OBJECTIVE

The Coronation Global Frontiers Strategy aims to maximise the long-term risk-adjusted returns from investments across global frontier markets through capital growth of the underlying stocks selected. It is a flexible portfolio primarily invested in listed equities. 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	Benchmark	Active Return
Since inception cum.	50.4%	8.2%	42.2%
Since Inception p.a.	5.9%	1.1%	4.8%
Latest 5 years p.a.	10.4%	1.4%	9.0%
Latest 1 year	21.9%	0.2%	21.7%
Year to date	21.9%	0.2%	21.7%
Month	0.5%	0.0%	0.5%

Since launch no fees have been charged.

SECTOR EXPOSURE

Sector	% Strategy
Financials	28.0%
Consumer Goods	20.5%
Technology	14.0%
Basic Materials	7.9%
Telecommunications	7.5%
Industrials	7.0%
Health Care	5.2%
Specialist Securities	3.2%
Consumer Services	2.9%
Oil & Gas	0.3%
Interest Bearing	3.5%

GENERAL INFORMATION

Inception Date	01 December 2014
Strategy Size *	\$26.8 million
Strategy Status	Open
Target	Secured Overnight Financing Rate (SOFRINDEX Index) + 3.5% per annum
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: Secured Overnight Financing Rate (SOFRINDEX Index) from 01 December 2021. Previously ICE LIBOR USD 3 Month (US0003M Index).

The performance shown is gross of fees.

GEOGRAPHIC EXPOSURE

Country	% Strategy
Vietnam	30.3%
Egypt	20.5%
Bangladesh	7.0%
Turkey	6.2%
Zimbabwe	4.8%
Kenya	4.3%
South Africa	3.8%
Slovenia	3.6%
Kazakhstan	3.4%
Pakistan	2.9%
Georgia	2.3%
Other	7.4%
Interest Bearing	3.5%

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 23 years' experience in African financial markets as both a portfolio manager and research analyst.

FUND MANAGERS

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The Prospectus and a Summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/>.

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The volatility of the Benchmark represented in the growth chart 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 the 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.

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REVIEW FOR THE QUARTER

The past year was a strong one for markets, and most of the frontier investment universe performed well. The Strategy has now returned 10.4% p.a. in US dollars over the past five years. This is 544 basis points (bps) a year ahead of the MSCI Frontier Emerging Markets Index and 82bps a year ahead of the MSCI Frontier Markets Index. The Strategy has also outperformed the MSCI Emerging Markets Index over the past five years. We continue to believe that our portfolio of frontier (smaller emerging) companies is a good complement to a traditional emerging markets Strategy. We remain pleased with its longer-term performance and excited about the prospects of the portfolio holdings.

Over the past 12 months, Vietnam (+37.4%), Kazakhstan (+33.1%) and Kuwait (+30.7%) were some of the strongest performers, while Turkey (-29.9%), Philippines (-16.0%) and Pakistan (-9.3%) struggled. The Strategy returned 21.9% for the year. This is ahead of both the MSCI Frontier Emerging Markets Index and the MSCI Frontier Markets Index, which returned +4.6% and +19.7% respectively.

The Turkish market is worth a few additional words. Over the course of the year, the Turkish lira moved from TL7.3/\$ to TL13.3/\$ at year-end. This annual snapshot fails to capture the true extent of the pain, with the currency peaking as high as TL18/\$ in December. It appears that the Central Bank spent over \$7bn supporting the currency in the last month of the year, which has had a measure of success. The sustainability of the support is a concern. Over the year, the lira lost 45% of its value. This is a meaningful collapse, with most of the pain felt in November and December. The currency move was the market's response to numerous unorthodox macroeconomic policies and events that include the resignation of the finance minister and central bank deputy governors, large current account deficits, interest rate cuts in the face of high inflation rates, and presidential interference with the central bank. Despite the President's best efforts and fiery speeches (or perhaps because of), the markets have made their view clear.

The Strategy's two main Turkish holdings are BIM, a discount food retailer, and Coca-Cola İçecek (CCI), a regional Coke bottler. Both are exceptional businesses, which would trade at multiples of the current share price if they were to operate in any other market. BIM, which generates almost all its earnings in Turkey, has lost 25% of its US dollar value in the past six months. CCI has lost just over 20%. CCI is particularly interesting as more than 60% of revenue and more than 65% of operating profit comes from outside Turkey. While its headquarters are in Turkey, the bulk of the business operates outside the country. CCI is the market leader in Kazakhstan and a close number two player in Pakistan and numerous middle eastern and other central Asian markets. Despite this natural hedge, the investor response has been swift and brutal. At current valuation levels, CCI is one of the cheapest bottlers globally and remains an excellent asset.

Over the year, our largest contributors to Strategy performance were Dragon Capital's VEIL Fund (+4.2% contribution), a Zimbabwean platinum mine, Zimplats (+3.2%), and the Vietnamese grocery, electronics, and ecommerce player Mobile World (+3.1%). Detractors for the year included our Turkish holdings, BIM (-2.0%) and CCI (-0.9%).

During the quarter, our main trades were to buy more CCI, initiate a position in MTN Nigeria and increase our exposure to eastern European banking group, NLB Group. We sold out of Slovenian pharmaceutical business, Krka, after a period of very strong share price performance and slightly reduced our position in Egypt's largest private sector bank, CIB.

The past year has seen strong earnings growth across many of our portfolio holdings. As a result, the portfolio continues to trade at very attractive valuations, despite the strong performance in 2021. We have yet to see a meaningful rerating in the portfolio. The forward price-earnings (PE) multiple of 11.6x and a dividend yield (DY) of 5.1% are meaningfully below (PE) and above (DY) the various indices we track. We remain incredibly excited about the Strategy holdings and the business prospects going forward. Thank you for the continued support, and we wish you a prosperous and healthy 2022.