CORONATION

AGGRESSIVE EQUITY STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 DECEMBER 2021

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)	1,931.8%	1,248.4%	683.4%
Since Inception p.a.	16.3%	14.0%	2.3%
Latest 15 years p.a.	12.4%	10.1%	2.3%
Latest 10 years p.a.	12.2%	10.8%	1.4%
Latest 5 years p.a.	11.2%	7.5%	3.7%
Latest 1 year	30.8%	27.1%	3.7%
Year to date	30.8%	27.1%	3.7%
Month	4.3%	4.9%	(0.6)%

TOP 10 HOLDINGS

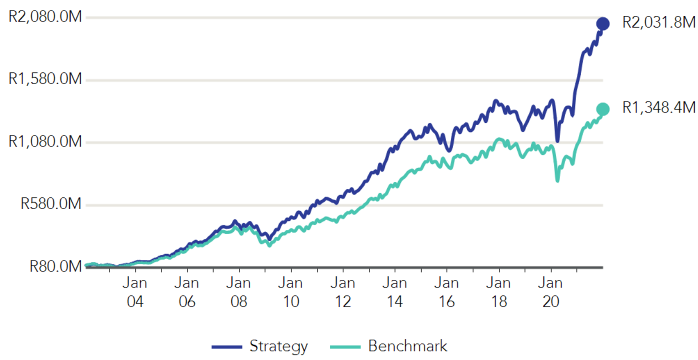
Holding	% Strategy
ANGLO AMERICAN PLC	11.7%
PROSUS	10.7%
NEDBANK GROUP LIMITED	7.1%
STANDARD BANK GROUP LTD	6.2%
GLENCORE XSTRATA PLC	5.3%
BRITISH AMERICAN TOBACCO PLC	4.7%
NASPERS LIMITED	4.2%
QUILTER PLC	3.7%
MOMENTUM METROPOLITAN HOLDINGS	3.4%
ASPEN PHARMACARE HOLDINGS LTD	3.3%

GENERAL INFORMATION

Inception Date	01 February 2002
Strategy Size †	R20.38 billion
Strategy Status	Open
Mandate Benchmark	JSE Capped Shareholder Weighted Index (Capped SWIX*)
Dealing Frequency	Daily
Base Currency	ZAR

†Strategy assets under management as at the most recent quarter end.

GROWTH OF R100M INVESTMENT



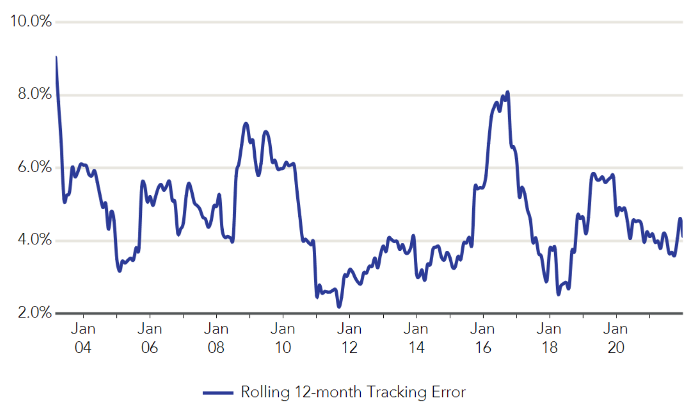
Benchmark: JSE Capped Shareholder Weighted Index (Capped SWIX*)

*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	17.6%	15.2%
Tracking Error	4.5%	
Information Ratio	0.5	
Annualised Standard Deviation	15.0%	15.1%
Maximum Drawdown	(32.7)%	(37.0)%

TRACKING ERROR



SECTOR EXPOSURE

Sector	% Strategy
Basic Materials	28.7%
Financials	28.4%
Consumer Services	16.4%
Technology	11.6%
Consumer Goods	5.6%
Health Care	3.3%

Sector	% Strategy
Consumer Staples	2.5%
Energy	1.8%
Industrials	0.9%
Telecommunications	0.5%
Interest Bearing	0.3%

PORTFOLIO MANAGERS

Neville Chester - BCom, CA (SA), CFA

Neville is a senior member of the investment team with 24 years' investment experience. He joined Coronation in 2000 and manages Coronation's Aggressive Equity Strategy. He also co-manages the Coronation Top 20 and Market Plus unit trust funds.

Nic Stein - BBusSc, CA (SA), CFA

Nic joined the Coronation investment team in 2009 as an equity analyst and has 11 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.

REGULATORY DISCLOSURE AND DISCLAIMER

REVIEW FOR THE QUARTER

The Strategy generated pleasing returns over the quarter, keeping longer term performance ahead of the benchmark.

Our commodity (including gold) positions contributed to performance for the fourth quarter of 2021 (Q4-21), while underweights in MTN and Richemont detracted.

The major commodity-related news of the last quarter was the ongoing potential takeout of RB Plat, with both Northam and Impala vying for control. Initially, Impala announced they were in talks to acquire RB Plat. Subsequently, Northam surprised the market by buying RB Plat's parent company's 34.9% stake in RB Plat for R180 per share. Impala subsequently bought stakes from other shareholders and now sits with circa 35% of RB Plat shares.

The gold price and gold equities performed well over the quarter. Investors grew increasingly concerned that the high levels of inflation we have seen will prove to be persistent and not transitory. This, coupled with concerns that the Fed is behind the curve in hiking rates to curb inflation, provided a buoyant environment for gold. AngloGold advanced by circa 40% over the quarter.

The diversified miners performed strongly over December, as Chinese demand for commodities stabilised and the Chinese government eased monetary policy. We reduced the size of our Glencore holding.

Along with most other emerging market currencies, the rand weakened meaningfully over the quarter (8%). This was supportive of our overweight positions in the so-called 'global shares that happen to be listed here'. This includes Anheuser Busch, Naspers, and British American Tobacco.

The Strategy doesn't own Richemont, and it had a strong 4Q21, rising 55% on the back of very good operating results. Goods consumption has outperformed services in the post-pandemic recovery, which has been felt particularly acutely in the luxury sector. Hard luxury goods have been resilient in the recovery from the pandemic as wealthy consumers, unable to spend on international holidays, have repurposed their spending towards the category. While the runway for Richemont to keep growing the jewellery business is clear, as branded jewellery grows from low levels, we believe this is more than discounted in the current share price and that there is no room for error in the Richemont valuation. We see better risk-adjusted returns in our current global holdings.

There was little to cheer about on the domestic news front. The emergence of the Omicron variant came at a terrible time for South Africa's hospitality industry. Despite the government's sanguine approach and level-headed lockdown measures, governments around the world blocked key travel into and out of South Africa. Fortunately, despite record Covid-19 case counts, Omicron's mortality rate appears to be far lower. This should benefit our local life insurers. Our insurers raised provisions that assumed the Omicron wave would experience worse mortality than appears to be playing out. We added slightly to our life insurers during the quarter.

While far less exposed to the direct impact of Covid-19, a number of misgivings around the Spar investment case came to the fore during the quarter. A weak sales update implies an uncharacteristic loss of market share; an impending SAP systems implementation (these rarely go smoothly); Spar lacking a credible omnichannel offering (no online and on-demand offering); and a deteriorating balance sheet. Spar's business model conveys excellent economics, including high ROEs, FCF conversion and a strong moat. We hold the management team in high regard and believe they will overcome these challenges. However, there are several balls in the air at the same time, and they are up against strong competition. While we still see Spar as attractive, we reduced our holding in Q4-21.

We used these proceeds to add to our Woolworths position, a stock that has featured in the Strategy before. The share has derated meaningfully versus the market over the last quarter. Woolworths has an incredibly strong SA food business that has taken consistent market share over the last decade – a trend we expect to continue. The South African and Australian clothing businesses have been a disappointment. The upshot of this is that margins here are low, with good scope for margin expansion in the future. We are encouraged by the steps new management are taking, such as reducing management layers, simplifying the clothing range, etc. Australia should also be a beneficiary of the reopening trade as they emerge from acute lockdowns. Woolworths trades on less than nine times our assessment of normal earnings