CORONATION

GLOBAL ABSOLUTE STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 DECEMBER 2021

CORONATION TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Global Absolute Strategy targets positive real returns with an overriding focus on limiting downside returns or portfolio losses. Therefore, capital preservation in real terms is equally important to return optimisation. The Strategy is managed in accordance with the limits of Regulation 28 of the Pension Funds Act.

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 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 cleanslate 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 (cumulative)	1,998.1%	253.0%	1,745.1%
Since Inception p.a.	14.5%	5.8%	8.7%
Latest 20 years p.a.	13.4%	5.6%	7.8%
Latest 15 years p.a.	10.8%	5.7%	5.1%
Latest 10 years p.a.	10.7%	5.0%	5.7%
Latest 5 years p.a.	9.2%	4.4%	4.8%
Latest 3 years p.a.	12.6%	4.3%	8.3%
Latest 1 year	17.8%	5.8%	12.0%
Year to date	17.8%	5.8%	12.0%
Month	2.4%	0.5%	1.9%

ASSET ALLOCATION

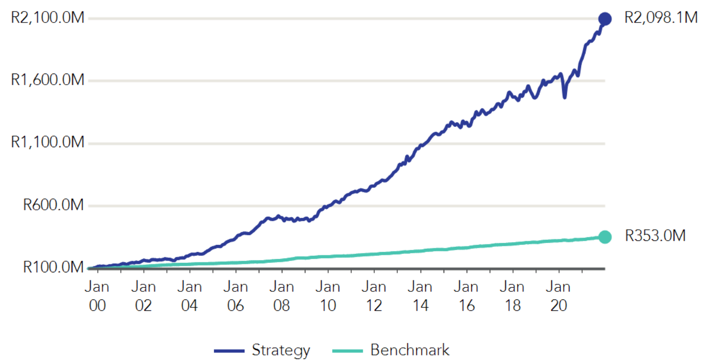
Asset Type	% Strategy
Local Equities	40.1%
Local Bonds	28.2%
Foreign Equities	18.4%
Cash	4.4%
Local Property	2.8%
Local Hedge Funds	2.1%
Foreign Fixed Income	2.0%
Local Commodities	2.0%

GENERAL INFORMATION

Inception Date	01 August 1999
Strategy Size †	R7.62 billion
Strategy Status	Open
Mandate Benchmark	Consumer Price Index (CPI)
Performance Target	CPI + 5% (gross of fees and taxes) over a rolling 3 year period
Dealing Frequency	Daily
Base Currency	ZAR
Regulation 28	Yes

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

GROWTH OF R100M INVESTMENT



Benchmark: Consumer Price Index (CPI)

TOP 10 HOLDINGS

Holding	% Strategy
CORO GBL EQUITY FOF-Z	16.1%
RSA FIX 6.250% 310336	5.3%
ANGLO AMERICAN PLC	4.3%
CORO GBL CAPITAL PLUS-Z	3.6%
RSA FIX 8.875% 280235	3.5%
PROSUS	3.1%
CORONATION GEM EQUITY FUND	2.9%
BRITISH AMERICAN TOBACCO PLC	2.7%
FIRSTRAND LIMITED	2.4%
RSA FIX 8.250% 310332	2.3%

MODIFIED DURATION*

Portfolio	1.5
Fixed Income Assets	5.1

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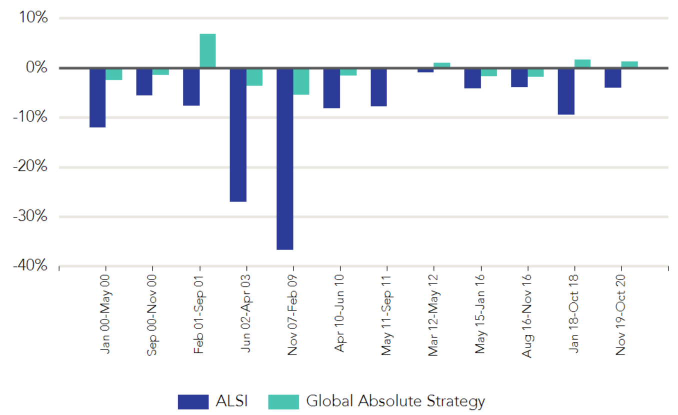
PERFORMANCE & RISK STATISTICS (Since inception)

Average Annual Return	14.9%
Annualised Standard Deviation	7.8%
Highest Monthly Return	8.8%
Lowest Monthly Return	(8.1)%
% Positive Months	71.4%
Downside Deviation	3.3%
Maximum Drawdown	(11.5)%
Sortino Ratio	1.8

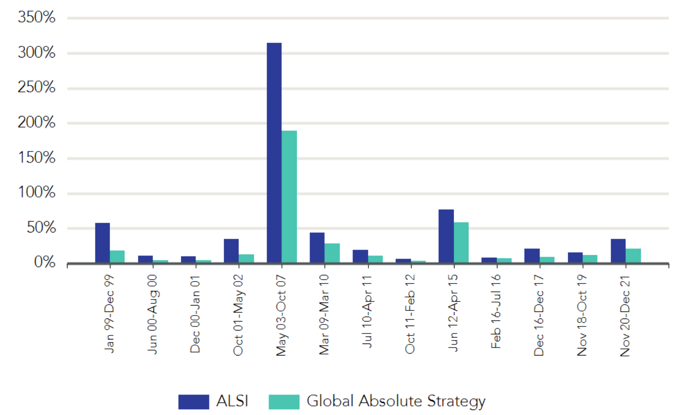
EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	1.7%	0.3%
1 to 3 years	5.4%	5.5%
3 to 7 years	5.9%	6.0%
7 to 12 years	6.2%	6.3%
Over 12 years	10.7%	10.8%

BEAR MARKETS



BULL MARKETS



In the bar graphs above, we have divided the period since inception of our Strategy into bull and bear markets. The Strategy's returns are measured against the FTSE/JSE All Share index. The bear market graph clearly demonstrates how the Strategy has protected capital; its losses were much more shallow than the market during downswings. As evident from the second graph, the Strategy also enjoyed healthy upside participation in bull markets.

PORTFOLIO MANAGERS

Charles de Kock - BCom (Hons), MCom

Charles is co-head of the Absolute Return investment unit and a portfolio manager across all strategies within the unit. He also co-manages the Coronation Balanced Defensive and Capital Plus unit trust funds. With more than 30 years' investment experience, he plays a leadership role in the asset allocation process.

Pallavi Ambekar - BBusSc, CA (SA), CFA

Pallavi is co-head of Absolute Return investment unit and a portfolio manager across all strategies in the unit. She co-manages the Coronation Balanced Defensive and Capital Plus unit trust funds. With 18 years' investment experience, she also has research responsibility for certain large capitalisation shares listed on the JSE.

Neill Young - BBusSc, CA (SA), CFA

Neill joined Coronation in 1998 and is co-manager of the Coronation Absolute Return Strategies. He also co-manages the Coronation Financial unit trust fund and has research responsibilities that extend to the banking sector as well as a number of financial stocks. Neill has 23 years' investment experience.

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* For SA Fixed Income investments only. Excludes international investments, equities, property and preference shares.

REVIEW FOR THE QUARTER

Covid-19 continues to delay a much-desired 'return to normal' in the global economy. The highly transmissible Omicron variant has resulted in another pause in a year marked by economies lurching between stop and start phases. While the virus is disruptive, we are learning that vaccines and boosters are at least successful in mitigating severe illness. As the percentage of the vaccinated population increases, we think that 2022 will continue the path of emergence from the pandemic.

Despite this unsettled environment, we have seen a robust economic recovery with much less scarring than anticipated when the pandemic began. As said before though, things are still far from normal and new risks are emerging. Surging consumer demand, coupled with supply chain bottlenecks, high energy prices and employee shortages are leading to increasing global inflation. Central banks previously indicated a willingness to tolerate higher inflation but are also realising that allowing things to run too hot may lead to increased recessionary risks. As such, we have seen Chairman Jerome Powell indicate that the US Federal Reserve will start tapering asset purchases and raising interest rates in the course of 2022. Global bonds, which, in our view, have already been expensive to start with, will provide poor returns in this environment. Global equity indices also look full after another year of high returns. However, the concentration of returns to a few large stocks in global equity markets, means there is still a broad opportunity set for active managers focused on long-term valuations. The Strategy's offshore allocation sits at 24% with the majority of this exposure in global and emerging market equities. A portion of this equity exposure is protected by puts, which provide some portfolio insurance in the event of a general market sell-off.

On the local front, the economic growth we saw in the first half of last year has rapidly unwound in the second half. The rioting and looting in the third quarter were further compounded by load-shedding and the inopportune 'red list' travel restrictions imposed on South Africa (SA) at the start of our tourist season. We expect slower domestic growth this year, supported by rising household consumption expenditure and some improvement in investment spend. Longer term, our outlook for GDP growth remains very muted as we are not seeing evidence of the bold policy reform needed to structurally uplift the economy. Inflation, though, remains well contained at around the 5% level and the projected interest rate trajectory remains benign.

Amidst the enormous uncertainty of the year outlined above, the Strategy has provided returns of approximately 6% for the quarter and 18% for the 12 months, well ahead of its inflation plus target. The Strategy has benefited from its high exposure to risk assets, in particular SA equities, where both allocation and selection have contributed. We continue to think SA equities are attractively valued, with many investment opportunities particularly in good quality global businesses and select defensive domestic companies.

Anglo American has been the top equity contributor to the Strategy's performance over the last year and is a top five equity holding. The share price has re-rated over the last five years on the back of rising commodity prices and good delivery by management on production growth, cost control and increasing shareholder returns in the form of dividends and buybacks. We are mindful that Anglo American is a cyclical commodity share, and that current share price reflect a positive outlook. We still think valuations are supportive but will adjust position sizing as the margin of safety decreases.

The Strategy has a considerable holding in Naspers/Prosus which we believe to be materially undervalued. This is because of the low value being attributed directly to Tencent and the discounts which exist at the holding company level. The investment risk has increased with China's regulatory intervention and the threat to foreign capital. Thus far, regulations affecting technology companies are broadly consistent with what we see elsewhere, covering fintech, antitrust law, data security, and gig employee labour protection. Tencent is a formidable company that generates good free cash flows, has a very engaged user base and is growing businesses across multiple verticals. None of the restrictions are expected to meaningfully change Tencent's prospects. An investment in Naspers/Prosus offers a cheap entry point to Tencent and provides access to an attractive investment portfolio.

The Strategy has a 30% allocation to domestic fixed income instruments, with the largest exposure being domestic bonds. Domestic government bonds continue to offer very high real yields, but one needs to be mindful of longer-term fiscal pressures that could impact returns. With the Strategy's full exposure to risk assets via equities, we have purposely tried to limit duration risk on our fixed income selection. We have managed to do this and still have fixed income exposure that provides a healthy yield ahead of our target. The Strategy has delivered a commendable performance over the last year, comfortably meeting its mandate. This has been achieved by having a considered mix of income and growth assets and a judicious approach to instrument selection. We are confident that the consistent application of this approach will allow us to deliver on our mandate over the medium term.