CORONATION

HOUSEVIEW EQUITY STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 DECEMBER 2021

CORONATION TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Houseview Equity Strategy represents our best investment view for an equity mandate. The portfolio is constructed on a clean-slate basis with no reference to a benchmark. It seeks to identify the best risk adjusted returns in the market and aims 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)	7,220.4%	3,906.2%	3,314.2%
Since Inception p.a.	16.4%	14.0%	2.4%
Latest 20 years p.a.	16.2%	13.8%	2.4%
Latest 15 years p.a.	12.4%	10.1%	2.3%
Latest 10 years p.a.	12.8%	10.8%	2.0%
Latest 5 years p.a.	10.9%	7.5%	3.4%
Latest 1 year	32.1%	27.1%	5.0%
Year to date	32.1%	27.1%	5.0%
Month	4.4%	4.9%	(0.5)%

TOP 10 HOLDINGS

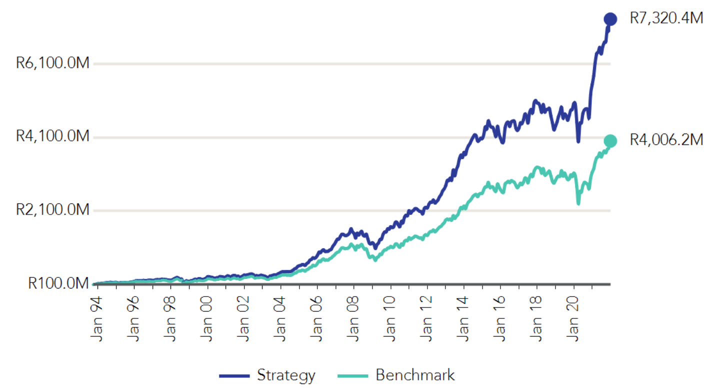
Holding	% Strategy
PROSUS	14.8%
ANGLO AMERICAN PLC	9.7%
FIRSTRAND LIMITED	6.5%
GLENCORE XSTRATA PLC	5.5%
BRITISH AMERICAN TOBACCO PLC	3.9%
QUILTER PLC	3.6%
RMI HOLDINGS LTD	3.4%
ANGLOGOLD ASHANTI LIMITED	3.3%
BID CORPORATION LIMITED	2.9%
ASPEN PHARMACARE HOLDINGS LTD	2.9%

GENERAL INFORMATION

Inception Date	01 October 1993
Strategy Size †	R41.51 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



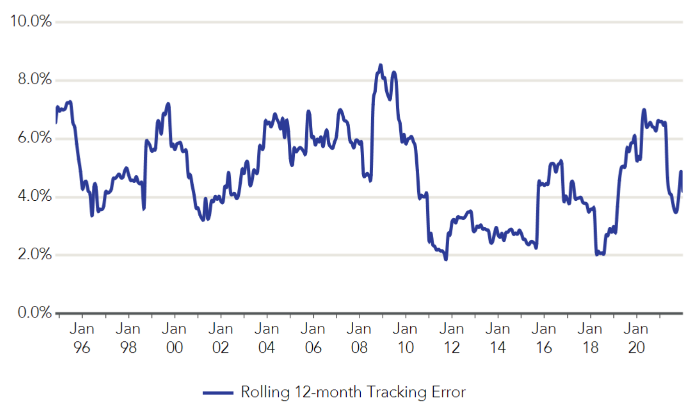
Benchmark: JSE Capped Shareholder Weighted Index (Capped SWIX*)

*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	18.2%	15.7%
Tracking Error	4.4%	
Information Ratio	0.6	
Annualised Standard Deviation	17.3%	17.3%
Maximum Drawdown	(40.8)%	(41.0)%

TRACKING ERROR



SECTOR EXPOSURE

Sector	% Strategy
Financials	25.4%
Basic Materials	23.1%
Consumer Services	16.8%
Technology	15.3%
Consumer Goods	6.3%
Health Care	2.9%
Industrials	2.1%

Sector	% Strategy
Energy	2.1%
Consumer Staples	2.0%
Telecommunications	2.0%
Derivatives	1.4%
Interest Bearing	0.6%

PORTFOLIO MANAGERS

Karl Leinberger - BBusSc, CA (SA), CFA

Karl is Chief Investment Officer (CIO) and manager of Coronation's Houseview strategies. He joined Coronation in 2000 as an equity analyst, was made head of research in 2005 and became CIO in 2008. Karl has 20 years' investment experience.

Sarah-Jane Alexander - BBusSc, CFA

Sarah-Jane manages assets within the Coronation Houseview Equity Strategy. She also co-manages Coronation's Houseview balanced strategies and has research responsibilities across a range of food producers and hospital stocks, among others. Sarah-Jane joined Coronation in 2008 as an equity analyst and has 16 years' investment experience.

REGULATORY DISCLOSURE AND DISCLAIMER

REVIEW FOR THE QUARTER

The Strategy had a strong quarter returning 9.0%, which was slightly ahead of the benchmark. This resulted in a market beating return of 32.1% over the last year. Performance benefited from strong markets and good stock selection. The Strategy has performed well against its peer group and delivered very credible levels of alpha over all meaningful time periods.

It was another strong year for global markets as the MSCI All Country World Index ended the year up 19% in USD. Markets shrugged off the rise in infections caused by the Omicron variant to deliver a 7% rise in the fourth quarter (Q4-21), including 4% in December. China fared worse, with the index declining -22% (USD) as government regulation of the economy has become increasingly intrusive and capricious. While the risks are high, Chinese technology stocks trade at extremely attractive valuations with considerable discounts to their developed market peers. The Strategy is exposed to China through holdings in Naspers/Prosus and commodity stocks.

The South African (SA) economy is recovering after the deep recession of 2020. The economy is forecast to return to its pre-Covid levels in 2022, a year earlier than previously expected. This better economic performance, combined with improved governance and a commitment to fiscal sustainability, should be sufficient for SA to navigate its fiscal challenges for the next few years. The improved fiscal situation was reflected in the upgrade by Fitch Ratings of SA's credit rating outlook from negative to stable. Longer term, economic growth remains critical to avoid a debt trap. Challenges include unstable power supply, structurally high unemployment, a poor education system, declining productivity, and slow policy reform. High levels of social inequality and unemployment came to the fore in Q3-21 with the outbreak of looting across KwaZulu-Natal. The rand declined -8.5% against the USD for the year (-5.8% for Q4-21).

Like global markets, local markets ended the year strongly, with the JSE Capped SWIX Index delivering 9% in rands in Q4-21 to end the year up 27%. We believe SA equities are cheap, given the breadth of value across sectors, including resources, global stocks that are locally listed and domestic shares. There was broad strength, with the resource sector delivering 32% for the year (22% for the quarter), financials 30% (3% for the quarter) and industrials 26% (16% for the quarter) despite the pressure on major constituent Naspers (-18% for the year and -1% for the quarter).

Within the resources sector, holdings in the diversified miners (Glencore +80% for the year and Anglo American +46% for the year) have contributed strongly to performance over the past few years. Strong demand, driven by recovering economies and decarbonisation, along with disciplined capital expenditure have supported tight markets. The diversified miners continue to offer good value with low multiples and solid free cash flow generation. During the year, proceeds from the PGM shares were recycled into gold equities (AngloGold and Goldfields) which offer upside and reasonably priced protection against stretched sovereign balance sheets and the risk of structurally higher inflation. Both have improved their production profiles and geographic diversification. We anticipate a period of increased returns to shareholders under their new leadership teams.

The Strategy has meaningful exposure to several global businesses that are listed in SA. These include Naspers (-18% for the year, -1% for the quarter)/Prosus (-18% for the year, +9% for the quarter), British American Tobacco (+16% for the year, +13% for the quarter), Bidcorp (+26% for the year, +2% for the quarter), Quilter (+6% for the year, +9% for the quarter), Textainer (+103% for the year, +8% for the quarter) and Aspen (+81% for the year, -17% for the quarter). Aspen is negotiating a potentially accretive disposal of its API business and a vaccine licensing deal from J&J to supply the African Union. The weaker fourth quarter return from Aspen reflects high expectations at the onset.

The Strategy has a considerable holding in Naspers/Prosus that 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 interventions 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 thus far 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.

Disappointingly, the Strategy sold down its investment in MTN (+184% for the year, +21% for the quarter) too early. Whilst we were believers in the operational turnaround, we were very concerned about the outlook for the Nigerian economy and the regulatory risk within Nigerian Telecoms. Improved stakeholder relations and the likely conclusion of a mobile money licence in Nigeria support future earnings growth and we have re-established a holding in the company.

Domestic companies continued to report results ahead of our expectations throughout 2021 due to more resilient economic activity and stringent cost control. We believe attractive stock picking opportunities exist either from businesses with specific opportunities like Dis-Chem (+71% for the year, +20% for the quarter), RMI (+43% for the year, +21% for the quarter) or Transaction Capital (+83% for the year) or even in more mature industries like banking or food retail where those with strong franchises that have continued to invest should benefit from share gain. Shoprite (+54% for the year, +17% for the quarter) demonstrated this during the fourth quarter by surprising the market with the strength of their sales growth. This is a management team that has invested in their business, building distribution centre capacity, updating systems, and embracing digitisation. Their progress in building out a data-driven business built around the consumer is impressive.

RMI has been restructuring to create a focused property and casualty insurance company. The restructuring initially announced should unlock shareholder value as the unbundling of holdings in MMI and Discovery reduces the conglomerate discount and improves investor focus on the underlying assets (specifically OUTsurance). OUTsurance is a quality business that we expect to deliver double-digit earnings growth while generating high returns. The attractiveness of the restructuring proposal was increased during the quarter when RMI received a generous offer for their stake in Hastings. The resultant cash inflow and associated degearing will enable RMI to avoid the rights issue required to achieve the initial unbundling and improve the dividend flowthrough from the very cash generative OUTsurance business. Despite the share price moves during the quarter, this remains an attractive investment with the core OUTsurance asset trading at a low look-through multiple relative to its high-quality nature and strong growth prospects, particularly in Australia.

Whilst headwinds exist in the domestic economy, we believe domestic assets are well priced for the risks and should offer attractive returns off these low starting prices.