MANAGED STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 DECEMBER 2021

CORONATION
TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Managed Strategy is an aggressive, clean slate fully discretionary balanced portfolio. The Strategy's objective is to outperform its peer group or a composite benchmark over meaningful periods (defined as at least 5 years). 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)	4,056.5%	2,344.6%	1,711.9%
Since Inception p.a.	15.6%	13.3%	2.3%
Latest 20 years p.a.	14.3%	13.2%	1.1%
Latest 15 years p.a.	12.4%	10.4%	2.0%
Latest 10 years p.a.	12.8%	11.4%	1.4%
Latest 5 years p.a.	10.3%	9.2%	1.1%
Latest 1 year	23.8%	22.4%	1.4%
Year to date	23.8%	22.4%	1.4%
Month	2.9%	3.9%	(1.0)%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	11.8%	11.4%
Maximum Drawdown	(23.5)%	(27.7)%

ASSET ALLOCATION

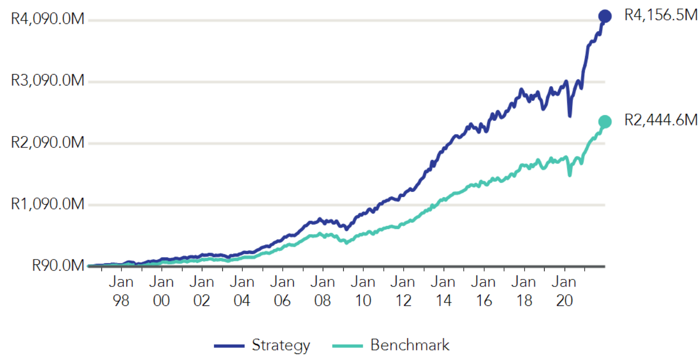
Asset Type	% Strategy
Local Equities	53.6%
Local Bonds	21.1%
Foreign Equities	16.8%
Local Real Estate	4.8%
Cash	1.3%
Local Hedge	1.1%
Foreign Real Estate	0.8%
Foreign Bonds	0.5%

GENERAL INFORMATION

Inception Date	01 May 1996
Strategy Size †	R20.61 billion
Strategy Status	Open
Mandate Benchmark	Median of Peer Group
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: Median of Peer Group

TOP 10 HOLDINGS

Holding	% Strategy
CORO GBL EQUITY FOF-Z	11.6%
RSA FIX 6.500% 280241	10.0%
ANGLO AMERICAN PLC	5.8%
PROSUS	5.6%
CORONATION GEM EQUITY FUND	5.0%
ANGLOGOLD ASHANTI LIMITED	3.4%
NEDBANK GROUP LIMITED	3.2%
STANDARD BANK GROUP LTD	3.0%
RSA FIX 6.250% 310336	2.8%
GLENCORE XSTRATA PLC	2.6%

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EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	(0.1)%	3.4%
1 to 3 years	0.9%	0.8%
3 to 7 years	1.9%	1.8%
7 to 12 years	1.5%	1.4%
Over 12 years	13.8%	13.4%

MODIFIED DURATION*

Portfolio	1.6
Fixed Income Assets	8.8

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

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

REVIEW FOR THE QUARTER

The Strategy finished the year on a strong note, with solid positive return for the quarter, which takes the full-year return into double digit territory and keeps the Strategy ahead of its benchmark across all major time periods during its 25-year history.

Our preference for maintaining high equity levels continued to pay off, especially our increased exposure to SA-listed equity as the local markets delivered strong returns in the final quarter of 2021 (Q4-21). We have continued to lighten our exposure to developed market equities as these markets have continued to rally despite the prospects of rising interest rates to curtail runaway inflation. While equity will provide some protection to inflation, we remain concerned by the high valuation levels and how higher interest rates and less monetary accommodation will have a negative impact on developed market equities.

In contrast, emerging markets and especially China have underperformed, mainly due to uncertainty around China's regulatory interventions, and geopolitical uncertainty in large regions like eastern Europe and Latin America. We think valuations in these regions account for a lot of the risk and have maintained a higher exposure in our offshore allocation to emerging markets.

Our local equity building block has done well from its exposure to resources, which finished the year off on a strong note as continued strong demand for most commodities was met with restrained supply from the major producers. With significant demand still to come from 'greening' the environment, and an increasingly difficult landscape to develop new mines, we expect commodity prices to remain higher than usual for the foreseeable future. The Strategy is still overweight commodities, mainly through its exposure to the diversified miners.

We have been overweight coal through our position in Exxaro Resources and Glencore, which has benefited handsomely from the recent price surge. We believe Glencore is a responsible miner by maintaining ownership of its coal assets and running them down in a sustainable manner, rather than merely disposing of them into less transparent hands. This benefits shareholders, as they are receiving significant cash flows from these assets as coal prices rise. Higher coal prices contribute to a green transition as it makes renewable energy sources more cost-competitive.

Exposure to Naspers/Prosus did not help in Q4-21 as concerns remained around the impact of Chinese regulatory intervention in the internet space, impacting their largest investment, Tencent. Tencent has now de-rated to the point that it is on an exceptionally low rating, and when one excludes the value of its significant investment portfolio, the core business of Tencent is trading on close to a single digit PE multiple. Over and above Tencent, the group is exposed to fast growing businesses in the food delivery, education and classifieds sectors. We think it remains one of the most compelling investment opportunities in the local market and it continues to be the largest position in the Strategy.

Exposure to the domestic financial sector also detracted from the Strategy in Q4-21, as this sector came under pressure from concerns around the discovery of the Omicron variant in South Africa. Fears of a harsh lockdown and another wave of high excess mortality saw the banks and insurers sell off. However, as it has become apparent this wave is far more benign, and government has taken a far more pragmatic approach to handling it, we expect the impact to be marginal at best. The cheap ratings and high dividend yields on these shares look very attractive.

There has been some mixed success from the property allocation, which while not large overall in the Strategy, has still offered some decent returns. Our allocation to Growthpoint and, to a lesser extent, Redefine, delivered better than cash returns. The impact of Omicron and concerns around how it would affect tourism and trade in December did take some shine off their returns towards the end of the quarter.

We have remained out of the global bond market and pleasingly we are finally starting to see the impact of rampant inflation in global markets to reflect in rising global bond yields, although there is still a lot more price weakness to come. Domestically, we have kept our relatively high exposure to SA government bonds, given the very attractive real yields on offer. There is still little interest from foreign investors, given the difficult financial position in which the country remains, but we expect to see continued fiscal prudence from the new finance minister in the Budget in February and this should see some flows return to the SA bond market.

2021 was a successful year for the Strategy, but that does not take away from how difficult the period was, with markets being extremely volatile, and seemingly random mood shifts by global investors causing outsized moves in asset prices. Our experience during this period again emphasised the importance of having a long-term horizon when investing.