CORONATION

GLOBAL EQUITY STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 JUNE 2021

CORONATION TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Global Equity Strategy provides access to the best investment opportunities across global markets through capital growth of underlying stocks selected. It is a flexible portfolio invested predominantly in equities listed on developed market exchanges, but will have exposure to emerging market listed companies as well. The Strategy may hold cash and interest bearing assets where appropriate. The objective is to outperform the MSCI All Country World Index over a 5-year period.

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 (cumulative)	89.8%	94.9%	(5.1)%
Since Inception p.a.	10.1%	10.5%	(0.4)%
Latest 5 years p.a.	16.1%	14.6%	1.5%
Latest 3 years p.a.	16.3%	14.6%	1.7%
Latest 1 year	41.0%	39.3%	1.7%
Year to date	12.8%	12.3%	0.5%
Month	0.2%	1.3%	(1.1)%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	50.8%
Europe	25.1%
Asia	15.7%
Japan	4.2%
CEEMEA	3.8%
Interest Bearing	0.4%

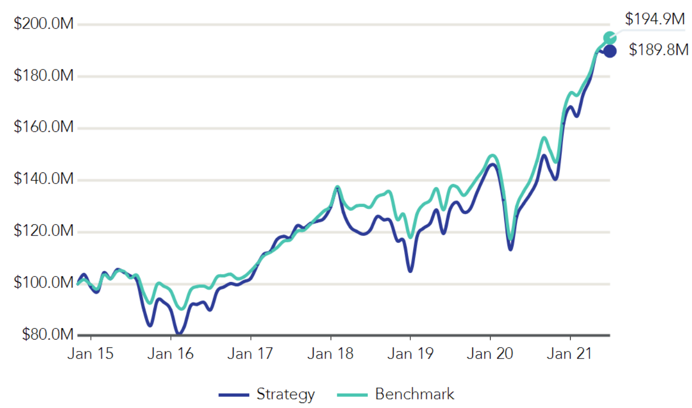
Market	% Strategy
Developed	80.3%
Emerging	19.7%

GENERAL INFORMATION

Inception Date	01 November 2014
Strategy Size *	$595.3 million
Strategy Status	Open
Mandate Benchmark	MSCI Daily TR Net All Country World USD (NDUEACWF Index)
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: MSCI Daily TR Net All Country World USD (NDUEACWF Index)

TOP 10 HOLDINGS

Holding	% Strategy
FACEBOOK INC-A (USA)	4.8%
CHARTER COMMUNICATIONS INC-A (USA)	4.5%
ALPHABET INC-CL A (USA)	4.2%
NASPERS LIMITED (ZAF)	3.8%
PHILIP MORRIS INTERNATIONAL INC (USA)	3.7%
JD.COM INC ADR (CHN)	3.7%
AIRBUS SE (FRA)	3.6%
VISA INC-CLASS A SHARES (USA)	3.3%
NETFLIX INC (USA)	2.9%
AMAZON.COM INC (USA)	2.9%

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SECTOR EXPOSURE

Sector	% Strategy
Technology	38.3%
Consumer Services	18.3%
Industrials	15.5%
Consumer Goods	12.1%
Financials	7.5%
Health Care	5.0%
Telecommunications	2.7%
Derivatives	0.2%
Interest Bearing	0.4%

PORTFOLIO MANAGERS

Neil Padoa - BEconSc, FFA

Neil is a portfolio manager and head of Global Developed Markets. He joined Coronation in May 2012 and has 13 years' investment experience.

Humaira Surve - BScEng, MBA, CFA

Humaira is a portfolio manager within the Global Developed Markets team, responsible for co-managing the Coronation Global Equity Select, Active Global Equity and Global Managed strategies. She joined Coronation in 2012 as a global developed markets analyst. Humaira has nine years investment experience.

FUND MANAGERS

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REVIEW FOR THE QUARTER

Equity markets continued to march higher in the second quarter, returning 7.4%. This brings the recovery from the Covid-19-lows in March last year to approximately 90%. The Strategy returned 6.0% in the quarter, lagging the market, although year-to-date (YTD) returns of 12.8%, and more meaningfully the five-year return of 16.1% p.a., are 0.5% and 1.5% p.a. ahead respectively.

Equifax, one of the three largest US credit bureaus, is a recent addition to the Strategy, only purchased in March, but one that has contributed to performance from the get-go. Credit bureaus collect information on effectively all credit-active individuals and sell this data and associated analytics to banks and other credit providers who use it to gauge the riskiness of a loan. These are advantaged businesses – high barriers to entry, pricing power and operating leverage translate into highly recurring, highly profitable revenue streams. At the time of our purchase, we did not think the market fully appreciated an inflection in Equifax's growth.

Equifax had lagged the rest of the sector since it fell victim to a large-scale data breach in 2017, where personal information on 148 million individuals was compromised. This event spurred significant change in their business. Under a new management team, Equifax has spent $1.25bn on a new IT platform, moving all its data and applications into the public cloud. While this has been a painful process, it has allowed the company to reduce costs and materially accelerate the pace of new product development. We saw concrete evidence of this towards the end of 2020 and further momentum early in 2021.

Equifax's biggest differentiator, though, in our view, is its Workforce Solutions business (EWS). Painstakingly built over several years through building relationships with employers and payroll service providers, Equifax has the largest national employment and income verification database. During the past year, Equifax surpassed a key level of having more than half the non-farm US payroll in its database. In our view, this business has reached a tipping point where the penetration is sufficiently high for clients to embed EWS in their workflow, resulting in more frequent usage and sticky relationships. Despite its dominance (no competitor comes close), there is still a long runway for growth for EWS, as they expand the dataset as well as launch new product applications.

Finally, Equifax is heavily exposed to the mortgage market. With interest rates remaining low, a wave of mortgage refinancing over the past year has resulted in increased demand for credit reports and employment verification. Equifax has benefited disproportionately from this growth in the mortgage market, and there is some justified concern that revenue growth could stall when the mortgage market cools. We claim no special insight in guessing when that may be but believe the long-term penetration growth in EWS and a cyclical recovery in non-mortgage related lending should provide sufficient offset. With the price up over 40% since March, we think many of these favourable characteristics are now closer to being priced in.

In contrast, JD.com is a long-standing position, being a core holding since the inception of the Strategy in 2014. JD is the second-largest e-commerce retailer in China, with 500m customers reported at the end of March compared to 387m in the comparable period a year ago, with management aiming to gain a further 100m in the year ahead. Customer growth has been driven by greater assortment and improvements in fulfilment. Their incredible logistics arm employs 200 000 people and has more than 1 000 warehouses, giving them almost complete geographical coverage of this massive country - all within their own control. More than 90% of orders are delivered either the same day or the next day. Customer loyalty is most evident when looking at purchase frequency and spend, which have increased four-fold and five-fold respectively since 2015.

JD has been effective in incubating new business units, with the most notable being JD Logistics (described above) and JD Health (an online health platform). Both have been separately listed successfully, with the holding company retaining 64% ownership in JD Logistics and 69% ownership in JD Health. This dynamic is important to consider when thinking about the implied valuation for the core retail business. The entire group has a market value of $118bn but the market value of their listed stakes ($50bn), together with the most recently reported net cash ($19bn), means the market values the retail arm at only around $50bn. The core retail business should generate $135bn in revenue this year at a 4% EBIT (earnings before interest and taxes) margin. We believe this margin is well below normal, which could potentially be high single digits. If you apply a conservative 6% EBIT margin and the statutory 25% tax rate, the core retail business trades on less than 9x earnings for this year. Even at the current 4% margins, the multiple is only 12x earnings for a company growing topline at 20% p.a. This analysis ignores other balance sheet investments that they have, namely, JD Technology (fintech and cloud) and JD Property, which is increasingly housing their physical logistics assets off balance sheet by bringing in capital partners.

A final point worth considering is that the increased scrutiny of the technology sector in China could potentially benefit JD's retail business. They have historically been hurt by "pick one" tactics, whereby a brand that sells on multiple platforms is penalised on Alibaba's platforms. These tactics have resulted in JD having an inferior assortment for some key categories, such as fashion and beauty products. With the banning of these tactics by the regulators, merchants have been free to sell all products on all platforms, which should further improve the customer value proposition. The share is down around 25% from its peak in mid-February this year and offers around 100% upside to fair value, in our view. This is extremely attractive in both absolute and relative terms, and JD is thus a 3.5% position in the Strategy.

Markets are at record highs, and considering the context of historically solid returns, coupled with near-term multiples on the high side, it would seem reasonable for investors to temper future return expectations. But as a reminder, we don't own the market. In fact, the Strategy's 40-60 holdings look quite different to the market, and in our view, are qualitatively more durable, higher quality, and are well placed to deliver attractive returns over the long term.

Thank you for your continued support and interest in the Strategy.