GLOBAL MANAGED STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 JUNE 2021

CORONATION
TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Global Managed Strategy provides investors with access to the best investment ideas from around the world, with the aim of maximising long-term capital growth. It blends individual asset selection to reflect Coronation's view across asset classes, regions and currencies. The intent is to remain fully invested in foreign assets. The Strategy will hold its exposure to foreign assets in a variety of currencies, primarily the US dollar, British pound, euro and Japanese yen. The Strategy's objective is to outperform the global markets as measured by an equity-biased composite benchmark over a 5-year period.

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)	171.2%	140.5%	30.8%
Since Inception p.a.	8.9%	7.8%	1.1%
Latest 10 years p.a.	8.4%	7.3%	1.1%
Latest 5 years p.a.	10.7%	9.9%	0.8%
Latest 3 years p.a.	10.7%	10.8%	(0.2)%
Latest 1 year	26.5%	23.5%	3.0%
Year to date	7.9%	5.9%	2.0%
Month	(0.6)%	0.4%	(1.0)%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	12.5%	9.3%
Maximum Drawdown	(16.1)%	(13.0)%

ASSET ALLOCATION

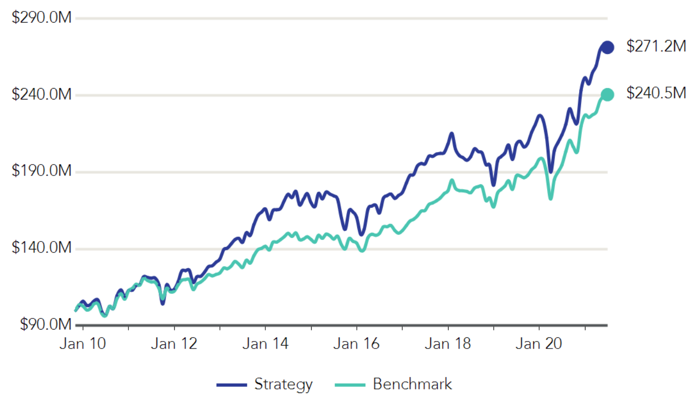
Asset Type	% Strategy
Equities	69.4%
Cash	12.2%
Bonds	10.5%
Commodities	5.3%
Property	2.6%

GENERAL INFORMATION

Inception Date	01 November 2009
Strategy Size *	$1.02 billion
Strategy Status	Open
Mandate Benchmark	60% MSCI Daily TR Net All Country World USD (NDUEACWF Index) and 40% Bloomberg Barclays Global Aggregate Bond TR Unhedged USD (LEGATRUU 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: 60% MSCI Daily TR Net All Country World USD (NDUEACWF Index) and 40% Bloomberg Barclays Global Aggregate Bond TR Unhedged USD (LEGATRUU Index)

TOP 10 HOLDINGS

Holding	% Strategy
ISHARES PHYSICAL GOLD ETC ETP USD (IRL)	3.9%
CORO GBL STRATEGIC INCOME-Z (IRL)	3.1%
CHARTER COMMUNICATIONS INC-A (USA)	2.8%
FACEBOOK INC-A (USA)	2.7%
ALPHABET INC-CL A (USA)	2.7%
PHILIP MORRIS INTERNATIONAL INC (USA)	2.3%
ALIBABA GROUP HOLDING-SP ADR (CHN)	2.2%
AIRBUS SE (FRA)	2.2%
VINCI SA (FRA)	2.1%
NASPERS LIMITED (ZAF)	2.1%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	32.8%
Europe	28.0%
CEEMEA	19.0%
Asia	10.4%
Japan	2.0%
LATAM	1.8%
Other	6.0%

CURRENCY EXPOSURE

Currency	% Strategy
USD	64.9%
EUR	16.0%
GBP	8.4%
ZAR	3.2%
JPY	2.0%
RUB	1.7%
CHF	1.7%
CNY	(1.7)%
Other	3.8%

PORTFOLIO MANAGERS

Louis Stassen - BSc, BCom (Hons), CFA

Louis is a founding member and former chief investment officer of Coronation, with 31 years' investment experience. He is a key decision maker within the global investment team and co-manager across all Global Multi-Asset Class strategies.

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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DISCLAIMER

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 bond market recovered some of the first quarter sell-off, gaining 1.3%.

Against this backdrop, the Strategy made reasonable progress, returning 4.6% for the quarter, marginally behind the benchmark return. Over one year (with the strong market recovery evident), the Strategy has returned 26.5% (3.0% ahead), over 5 years 10.7% p.a., and since inception the return is 8.9% p.a., 1.1% ahead of the benchmark.

For the quarter, the primary contributors to return were:

- Equity holdings, which returned 6.5%
- Fixed interest, which returned 1.6%
- Property, which returned 9.7%
- Infrastructure, which returned 7.1%

Equifax, one of the three largest US credit bureaus, is a more recent addition to the Strategy but 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 by 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 and 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 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, as well as 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, owned since May 2014 when JD listed. 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 2.1% position in the Strategy.

At quarter-end, the Strategy was positioned with 75% in growth, or risk, assets comprised of the following:

- 59% effective equity
- 4% in property
- 5% in infrastructure
- 1.5% in convertible instruments
- 5% in high yield credit

The remaining 25% of the Strategy is invested in either more stable assets or diversifying assets, which we think are attractive in their own right and have a lower correlation to equities:

- 7% in commodities
- 1.5% in inflation-linked bonds
- 6% in absolute return / hedged equity positions
- 10% in investment-grade fixed income

As highlighted in prior commentaries, we continue to believe the fundamental diversification evident in this Portfolio construction is both more appropriate and more robust than that of the Strategy's benchmark, which includes a 40% weighting to the global bond index. As a reminder, the bond index as a whole offers a low nominal expected return and a negative real return. Setting this meagre return against the risks, which we believe are significant, including huge budget deficits and elevated debt levels, suggests to us that this offers a poor risk-reward trade-off and that investors will do well to avoid these instruments. In our view, they will be better served over the long term by holding a blend of fundamentally attractive growth assets and more stable diversifying assets, as outlined above.

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