CORONATION

GLOBAL HOUSEVIEW STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 MARCH 2021

CORONATION
TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Global Houseview Strategy is a clean slate fully discretionary balanced portfolio, which represents our best investment view for a balanced portfolio in all major asset classes – equities, property, bonds, cash and international. The Strategy's objective is to outperform the median return of its peer group or composite benchmark over meaningful period (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 underlying value (fair value) through extensive proprietary research. The Portfolio is constructed on a clean-slate basis based on the relative risk-adjusted upside to fair value of each underlying asset. 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)	5,231.8%	3,663.8%	1,568.0%
Since Inception p.a.	15.6%	14.1%	1.5%
Latest 20 years p.a.	15.0%	13.6%	1.5%
Latest 15 years p.a.	12.7%	10.9%	1.8%
Latest 10 years p.a.	12.3%	11.0%	1.3%
Latest 5 years p.a.	9.1%	6.8%	2.3%
Latest 1 year	43.1%	30.7%	12.5%
Year to date	9.5%	7.8%	1.7%
Month	1.3%	1.3%	0.0%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	11.5%	11.5%
Maximum Drawdown	(26.9)%	(27.7)%

ASSET ALLOCATION

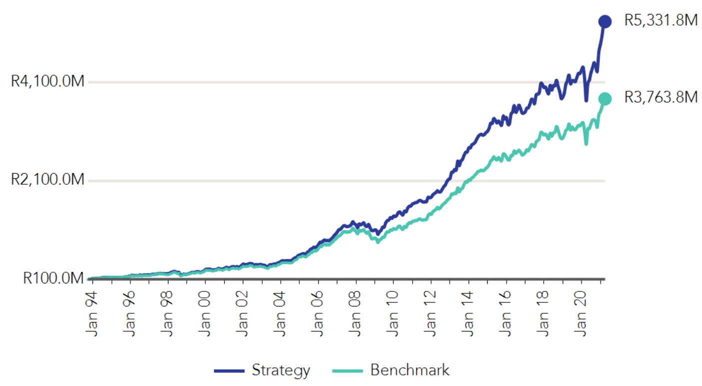
Asset Type	% Strategy
Local Equities	46.5%
Foreign Equities	22.5%
Local Bonds	20.6%
Local Property	3.0%
Local Commodities	2.7%
Cash	2.6%
Local Hedge Funds	1.0%
Foreign Bonds	0.6%
Foreign Property	0.5%

GENERAL INFORMATION

Inception Date	01 October 1993
Strategy Size †	R33.20 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	20.3%
NASPERS LIMITED	6.9%
ANGLO AMERICAN PLC	5.6%
RSA FIX 9.000% 310140	4.3%
RSA FIX 6.250% 310336	3.3%
GLENCORE XSTRATA PLC	3.0%
FIRSTRAND LIMITED	3.0%
QUILTER PLC	2.8%
BRITISH AMERICAN TOBACCO PLC	2.7%
NORTHAM PLATINUM LIMITED	2.6%

EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	3.5%	3.7%
1 to 3 years	0.8%	0.8%
3 to 7 years	2.3%	2.3%
7 to 12 years	2.5%	2.5%
Over 12 years	13.1%	13.1%

MODIFIED DURATION*

Portfolio	1.3
Fixed Income Assets	6.0

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.

DISCLAIMER

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

REVIEW FOR THE QUARTER

The Strategy had a good quarter benefiting from both value-adding asset allocation decisions and alpha generated within the domestic and global equity building blocks. The Strategy has performed well against its peer group over all meaningful time periods.

The Covid-19 pandemic continued to impact markets. Despite severe second and third waves in many parts of the world, markets delivered a strong first-quarter performance. Investors are anticipating a return to more normal economic activity as vaccine rollout strategies gained momentum. Virus mutations, vaccine efficacy and the duration of immunity remain risks to markets that have already priced in a recovery. The MSCI All Country World Index returned 4.6% for the first quarter (Q1-21) after returning 16.3% during 2020. The S&P 500 Index returned 6.2% in US dollars for Q1-21. In Europe, the Eurostoxx 50 rose +6.3%, despite stringent lockdowns across large parts of Europe. Given the considerable strength in global markets, the Strategy reduced its holding in global equities to a neutral level.

Emerging markets (MSCI Emerging Markets [EM] +2.3%) underperformed their developed market counterparts (+4.9% as measured by the MSCI World Index). Within EM, Turkey was a notable underperformer (-20.4% in US dollars) as President Erdogan replaced the country's Central Bank governor (again). This affront to central bank independence resulted in a weakening of the currency and rising bond yields. Herd immunity for EM will generally come later than developed market peers, taking place in 2022 or 2023. Affordability, access to vaccines and effective procurement and distribution strategies are all headwinds. South Africa (SA), similarly, has had a slow start to vaccine distribution, with vaccine timelines being extended. Effectively leveraging all available resources across the private and public sector will be critical to achieving the herd immunity required for economic normalisation.

Global bond yields rose as confidence in an economic recovery gained steam. Pent-up demand from consumers sitting on high levels of savings, buoyed by economic stimulus and lockdown restrictions, brings inflation risk. The Barclays Global Aggregate Bond Index declined -4.5% in US dollars in Q1-21. We remain cautious on global bonds given the low yields at which they continue to trade, high levels of government indebtedness and the risk of inflation. In SA, the All Bond Index declined -1.7% in Q1-21. The rand remained steady against the US dollar (-0.6% in Q1-21).

After a marked deterioration in SA's fiscal metrics during 2020, Q1-21 brought improved news flow. The current account delivered a healthy surplus backed by mining cashflows and a robust agricultural sector. Tax collection efforts exceeded expectations. The February Budget was encouraging, with a commitment to rein in expenditure, specifically the public sector wage bill that has compounded at a rate above inflation for many years. Implementation of the Budget plans will require a sustained commitment to austerity. Much needed economic growth is frustrated by load shedding, policy uncertainty and a lack of investor confidence. While the projected debt-to-GDP ratio has come in lower than expected, it remains high. The risk of a debt trap is not immaterial. This tenuous situation is reflected in SA government bonds yielding returns well above cash. We see better value at the long end of the curve, where lower bond prices offer more protection against restructuring. The Strategy is slightly underweight fixed rate government bonds, striking a balance between the attractive returns and risk.

Having increased exposure to SA equities during the third quarter of 2020, we took profits in Q1-21, given the strong run. The JSE All Share Index was up strongly (+13.1%) for the quarter and 55.6% since its March lows a year ago. Despite the selling, the Strategy remains overweight SA equities, given the breadth and attraction of the value on offer. Resource shares delivered 18.7% for Q1-21, followed by industrials (+13.0%) and then financials (+3.8%). The portfolio benefited from its large holding in resources. The Strategy continues to have considerable exposure to rand-hedge names that remain attractive for various stock-specific reasons. Major holdings include Naspers (+17%), British American Tobacco (+5.04.9%), Quilter (+5.5%), Bidcorp (+8.7%), Textainer (+45.1%) and Aspen (+15.1%).

Within the SA equity building block, the Strategy reduced the extent of the domestic underweight during 2020, given the move in valuations. Despite reduced medium-term prospects, domestic shares offer attractive upside to fair value. In keeping with the second half of 2020, earnings results from domestic shares have exceeded our expectations in Q1-21. We believe exciting stock picking opportunities exist as strong players use the crisis to become even stronger. This was evident in the results of a business such as Shoprite (+12.1 2% for Q1-21), which delivered strong topline growth and resilient gross profit margins despite economic headwinds.

SA's banks have navigated the crisis well. Books appear well provided as borrowers resume debt repayments and low interest rates improve affordability. Capital ratios remain healthy, and future earnings should be well supported given the level of provisioning. Despite sector earnings roughly halving over 2020, Standard Bank and FirstRand returned to paying dividends. The outlook for advances growth is muted given constrained economic growth. Slow vaccine rollout and possible retrenchments pose additional risks to economic recovery. Life insurers were forced to take additional Covid-19 provisions as a second wave drove a spike in mortality. As with the banks, life insurer balance sheets remain well capitalised. Sanlam, Momentum Metropolitan Holdings and Old Mutual declared dividends. Momentum Metropolitan (+12.0 1%) remains an attractive investment, trading at a meaningful discount to embedded value. While additional Covid-19 provisions detracted from results, we believe management's actions are delivering underlying operational improvements. Despite the selloff in property shares, we have not built up the position, given concerns over the long-term outlook for rentals and weak balance sheets.

Within the resources sector, the Strategy benefited from its overweight position in the diversified miners and underweight holdings in gold. Anglo American and Glencore rose 22% and 24%, respectively. Resource shares remain a meaningful part of equity exposure despite their outperformance. Our investment thesis is unchanged, namely undemanding valuations, solid free cash flow (FCF) and tight markets.

Commodity demand is expected to remain robust given Asian resilience and a recovery in the rest of the world. Joe Biden's presidency should strengthen the US's commitment to transitioning away from fossil fuels. Battery metals have an important role to play in decarbonising the world's energy mix. We expect copper and cobalt to be particularly tight as this shift accelerates. Glencore (+24%) should be a key beneficiary.

The platinum group metals holdings in the portfolio (Northam +22.6 8% for Q1-21, Impala Platinum +40.7% for Q1-21) performed well. Metal prices remain high given growing demand, supply disruptions and a decade of underinvestment. We have trimmed the positions but remain invested, given anticipated high levels of cash return.

Equity markets have rebounded strongly off the lows of a year ago. While we have trimmed equity exposure, we remain overweight and continue to see exciting investment opportunities for stock pickers. We believe that these positions will deliver compelling returns for clients in the coming years.