CORONATION

GLOBAL HOUSEVIEW STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 SEPTEMBER 2021

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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)	5,512.0%	3,853.3%	1,658.7%
Since Inception p.a.	15.5%	14.0%	1.5%
Latest 20 years p.a.	14.9%	13.6%	1.3%
Latest 15 years p.a.	12.6%	10.6%	2.0%
Latest 10 years p.a.	12.8%	11.2%	1.6%
Latest 5 years p.a.	9.5%	7.4%	2.1%
Latest 1 year	26.8%	19.9%	6.9%
Year to date	15.3%	13.5%	1.8%
Month	0.0%	(1.1)%	1.1%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	11.4%	11.4%
Maximum Drawdown	(26.9)%	(27.7)%

ASSET ALLOCATION

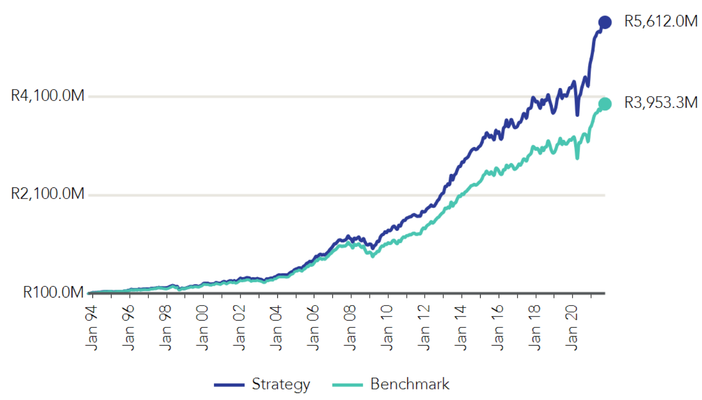
Asset Type	% Strategy
Local Equities	51.5%
Foreign Equities	23.0%
Local Bonds	20.0%
Local Property	3.2%
Local Hedge Funds	1.0%
Cash	0.6%
Foreign Bonds	0.4%
Foreign Property	0.3%

GENERAL INFORMATION

Inception Date	01 October 1993
Strategy Size †	R33.29 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	19.9%
PROSUS	6.8%
RSA FIX 9.000% 310140	4.9%
ANGLO AMERICAN PLC	4.7%
FIRSTRAND LIMITED	3.9%
RSA FIX 6.250% 310336	3.8%
GLENCORE XSTRATA PLC	3.4%
ANGLOGOLD ASHANTI LIMITED	2.4%
CORO AFRICA FRONTIERS - CL Z	2.1%
ASPEN PHARMACARE HOLDINGS LTD	2.1%

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EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	1.7%	2.0%
1 to 3 years	0.4%	0.4%
3 to 7 years	1.3%	1.3%
7 to 12 years	3.2%	3.2%
Over 12 years	13.9%	13.9%

MODIFIED DURATION*

Portfolio	1.4
Fixed Income Assets	7.0

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.

REGULATORY DISCLOSURE AND DISCLAIMER

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

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REVIEW FOR THE QUARTER

The Strategy delivered a positive return over the quarter. Over the last 12 months, performance has benefited from recovering markets, asset allocation decisions and alpha in the domestic and global equity building blocks. The Strategy has performed well against benchmarks and its peer group over all meaningful time periods.

The global recovery has continued, supported by high vaccination rates in developed markets and easing economic restrictions. Markets have been weaker, reflecting fears that growth would not live up to the high expectations priced in. The MSCI All Country World Index declined -1% in US dollars for the quarter (27% over 12 months). As discussed previously, the Strategy has reduced its exposure to global equities, given the high market levels. We continue to see opportunities for stock picking.

Developed markets (MSCI World Index 0%) were broadly flat, although they fell in September (-4%) as concerns about growth have increased. Emerging markets underperformed their developed market counterparts (MSCI Emerging Markets [EM] -8%). Brazil (Bovespa -20%) and China (MSCI China -18%) had a particularly weak quarter.

Investor confidence in China has been shaken by a raft of new regulations across multiple sectors that have been invoked swiftly and largely without consultation. While China's authoritarian political system has always posed a risk, recent actions have heightened this. The remit of government interventions has widened to include a drive for common prosperity and wealth redistribution, as well as social engineering. These policies are in direct conflict with the economic opening that has taken place over the past few decades. The role that foreign capital will be permitted to play is less certain. Evidence of slower Chinese growth has also emerged after a very rapid recovery earlier in the pandemic.

Rapidly increasing global demand has put a strain on supply chains, resulting in stock shortages and rising input prices. The oil price (Brent crude) rose 5% for the quarter and is now up 92% over 12 months. Higher prices have prompted fears that inflation may be less transitory than initially hoped. Labour markets remain tight but may ease as Covid-19 wage subsidies subside. The strong recovery in demand also opens the door to rising interest rates and tapering of asset support. Indeed, hawkish central bank comments alluded to the latter. High levels of sovereign indebtedness and insufficient yields keep us cautious on global bonds. For the quarter, the Barclays Global Aggregate Bond Index declined -1% in US dollars.

South African (SA) investor confidence has been dealt a blow early in the quarter, with the rioting and looting in KwaZulu-Natal. Social inequality and high unemployment (worsened by the pandemic and associated economic restrictions) remain a major concern. An additional basic income grant has been extended to those most in need. The additional grant, ongoing support of state-owned enterprises and a higher-than-anticipated public sector wage agreement have further strained the fiscus. SA needs sustained economic growth to heal its fiscal woes. The decline in prices of some of SA's key export commodities (iron ore -28% in Q3-21 in US dollar and PGMs) is a threat to the current account surpluses that have supported the rand. The local currency declined -5% against the US dollar for the quarter. While the quarter has heralded a disappointing number of setbacks to the fiscal outlook, the government remains committed to fiscal discipline. The new Minister of Finance is not expected to make any major changes. The All Bond index delivered 0% for the quarter. The Strategy has meaningful exposure to SA bonds, with the long end of the curve offering very attractive yields in both absolute terms and relative to other emerging markets and alternatives such as cash.

SA's vaccine rollout has been slow to ramp up, with 20% of the adult population now being fully vaccinated. Easing Covid-19 infection numbers have supported a lowering of restrictions, with the country moving to level 1 at the end of the quarter. Given low levels of vaccination, the risk of further waves remains.

The Strategy's exposure to SA equities is sitting at a decade high, given the breadth of value across many sectors, including resources, locally-listed global stocks and domestic shares. For the quarter, the JSE Capped SWIX Index delivered 3% in rands. The financials index returned 12% as banking earnings continued to improve, fuelled by a faster than expected recovery in bad debts. Industrials declined -4%, as major constituent Naspers (-17%) dragged down the index return. The resource index also declined (-4%) as global growth concerns and commodity price pressures weighed on several stocks.

The Strategy has long had considerable exposure to a number of global businesses that are listed in SA. Major holdings include Naspers (-17%)/Prosus (-15%), Aspen (69%), Bidcorp (4%), British American Tobacco (-1%), Quilter (-0%) and Textainer (13%). All are attractive for stock-specific reasons.

Naspers has come under considerable pressure during the quarter as regulatory intervention in China intensified. Within the technology sector, much of the regulation is consistent with what has been seen elsewhere, including those governing fintech, Antitrust, competition law, data security, protection of personal information and gig employee labour protection. More specifically, for Tencent, government attempts to protect minors means increasing restrictions on time spent gaming. Thus far, none of the restrictions is expected to change Tencent's prospects meaningfully. However, the breadth and depth of Chinese regulatory intervention and the amplified threat to foreign capital have increased the risk of any Chinese investment. Valuations now look extremely attractive, with Chinese technology businesses trading at considerable discounts to their developed market peers. Tencent is a formidable company that generates good free cash flows, has a very engaged user base, and is growing businesses across multiple verticals. At the Naspers/ Prosus level, investors benefit from an undervalued rump where management has achieved good returns on recent portfolio actions.

Aspen delivered strong returns for the quarter (+69%), bringing 12-month returns to 130%. While organic delivery has been pleasing, the more recent share price performance stems from two specific opportunities. Aspen is under cautionary related to the potential disposal of its API business, which is expected to be accretive. More materially, Aspen could potentially benefit from a vaccine licensing deal from J&J, which would materially increase its revenues.

Domestic companies have continued to report results ahead of our expectations due to more resilient economic activity and stringent cost-cutting. We are concerned about the secondary effects of this cost-cutting and the ongoing weak employment numbers.

Like many holding companies, RMI (+20%) has seen the discount at which it trades to the value of its underlying parts widen over the last few years. We believe this undervalues some of the attractive assets it owns, including OUTsurance, an unlisted short-term insurer with a strong history of delivering earnings growth while achieving high levels of cash flow conversion. We have had many engagements with RMI management over the years about how this value could be unlocked and were pleased to note the restructuring announced in September. RMI intends to unbundle its holdings in Metropolitan Momentum and Discovery to shareholders leaving a smaller, more focused company with its major holdings in short-term insurance (OUTsurance and Hastings). RMI has also committed to paying out 50% of its free cash flow to shareholders. Although a capital raise in the form of a rights issue will be required to achieve this, the restructuring and higher pay-out are undoubtedly positive. We hope that these are the first steps on a journey to further improve shareholder returns by passing through more of the underlying dividends.

The Strategy has a small overweight in resource shares, which comes from the holdings in the diversified miners. Holdings in Glencore and Anglo American have contributed strongly to performance over the past few years, but we believe they continue to offer good value. They trade on low multiples with solid free cash flow generation and attractive upside. We are not bullish on all commodities but expect an accelerating global drive to decarbonise to create increasing demand and tight markets in commodities like copper, cobalt and nickel. Glencore is particularly well exposed.

The Strategy has continued to increase its holding in gold equities, which offer upside and reasonably priced protection against stretched sovereign balance sheets and high global market levels. Both AngloGold and Goldfields have improved their production profiles and geographic diversification. We anticipate a period of increased returns to shareholders under their new leadership teams. These positions have been funded by taking profits in the platinum group minerals shares.

The Strategy has moderate property exposure, preferring to use its risk budget in equities and bonds. Holdings are predominantly in the A shares, with some exposure to logistics assets. The medium-term outlook remains subdued as a weak economy and a structural shift in demand from increasing digital engagement and work-from-home trends undermine rental tension. Several sector balance sheets remain undercapitalised.

Markets are ever-changing. The significant disturbance wrought on the world by Covid-19 has accelerated disruption in many industries while placing significant pressure on sovereign balance sheets. The sweeping changes effected by the pandemic has created opportunities where longer-term consequences are being mispriced. We constantly challenge our beliefs to enable us to take advantage of these opportunities.