CORONATION

MANAGED STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 SEPTEMBER 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)	3,764.1%	2,154.0%	1,610.1%
Since Inception p.a.	15.5%	13.0%	2.5%
Latest 20 years p.a.	14.8%	13.6%	1.2%
Latest 15 years p.a.	12.8%	10.6%	2.2%
Latest 10 years p.a.	12.6%	11.2%	1.4%
Latest 5 years p.a.	8.4%	7.4%	1.0%
Latest 1 year	26.3%	19.9%	6.4%
Year to date	15.1%	13.5%	1.6%
Month	(0.6)%	(1.1)%	0.5%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	11.9%	11.4%
Maximum Drawdown	(23.5)%	(27.7)%

ASSET ALLOCATION

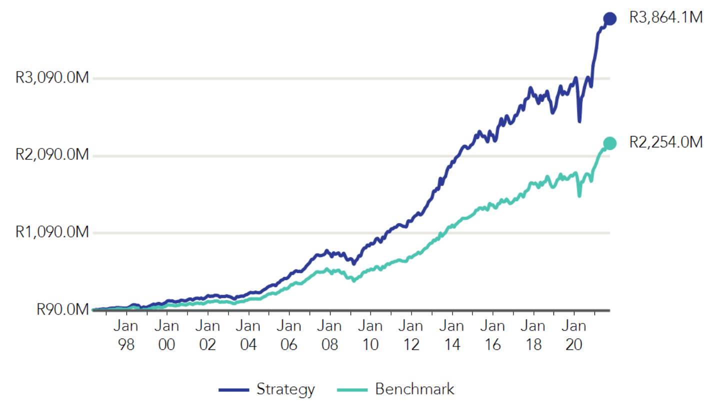
Asset Type	% Strategy
Local Equities	51.0%
Local Bonds	19.5%
Foreign Equities	18.2%
Cash	4.0%
Local Real Estate	3.9%
Local Hedge	1.2%
Local Commodities	0.8%
Foreign Real Estate	0.8%
Foreign Bonds	0.6%

GENERAL INFORMATION

Inception Date	01 May 1996
Strategy Size †	R19.93 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	8.6%
ANGLO AMERICAN PLC	5.2%
CORONATION GEM EQUITY FUND	5.1%
PROSUS	4.7%
NEDBANK GROUP LIMITED	3.4%
GLENCORE XSTRATA PLC	3.1%
RSA FIX 6.250% 310336	2.8%
ANGLOGOLD ASHANTI LIMITED	2.5%
STANDARD BANK GROUP LTD	2.4%

EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	3.3%	3.9%
1 to 3 years	1.2%	1.2%
3 to 7 years	1.1%	1.1%
7 to 12 years	1.4%	1.4%
Over 12 years	12.5%	12.5%

MODIFIED DURATION*

Portfolio	1.6
Fixed Income Assets	8.0

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

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

REVIEW FOR THE QUARTER

Despite a very volatile quarter, the Strategy added to its overall gains and ended the year to September up double digits. This was a pleasing outcome given the market we experienced during the past year.

Over the last year, the most significant change has been reducing our exposure to global equity in the Strategy and increasing exposure to JSE-listed stocks. Having been overweight global equities, we have steadily reduced this exposure into the very strong run that global developed markets have experienced over the past 12 months. We have also skewed our global exposure towards emerging markets, which have generally underperformed developed markets.

We have increased our exposure to JSE-listed equity as we think the JSE screens are offering exceptional value at the moment. We are overweight resources, which have been and should continue to be significant cash generators, with most of that cash being returned to shareholders via dividends and share buybacks. We are also overweight global shares listed on the JSE: Naspers/Prosus, ABI, British American Tobacco, Aspen and Quilter. The balance is exposed to pure SA stocks, and although we are underweight this segment of the market, we think there is great value. With our increased exposure to domestic bonds, we pick up a lot more SA-specific exposure at the overall Strategy level.

The third quarter of 2021 was all about China's multiple announcements, expressing the desire for a more equitable share of wealth, and more responsible behaviour by the large, listed corporates, especially when it comes to data security and treatment of new economy or so-called 'Gig economy' workers. This is not significantly different to the desires of most Western democracies. What has made the Chinese impact so much greater on equity prices has been the suddenness of the announcements and, of course, the immediate and comprehensive execution of these policies. Our biggest exposure to these is through our holding in Prosus and Naspers via their holding in Tencent.

These kinds of announcements are to be expected and have occurred before in China. In 2018, the Chinese government clamped down aggressively on the amount of time minors were spending gaming online. We have found that Tencent has always managed itself impeccably through these times, complying with new regulations yet still maintaining the high levels of innovation and development that keep consumers interested in their products and active within their "ecosystem". That has helped the company maintain its dominant position in providing digital services in the Chinese market. We expect this to be the case during the current regulatory cycle.

What is also important to bear in mind is that Tencent has been a significant investor in many other technology businesses both inside and outside China. Today, the core business of Tencent makes up a small part of the overall value of the business. Tencent's investment portfolio at spot market prices makes up approximately 40% of the market capitalisation of Tencent today. As such, we think there is a lot of value in Tencent at today's market prices. In addition, as investors in Prosus, we are increasingly exposed to a basket of high growth internet businesses outside of China. Prosus has stepped up its investment, with large portfolio investments in classifieds, food delivery and payments. The market continues to give no recognition to the value of these businesses in the share price of Prosus. They recently concluded a share swap transaction to partly deal with the multiple discounts to NAV in the structure. We expect further steps to be taken over time to deal with this.

Despite some short-term concerns about the softness in metal prices, we have maintained our overweight position in resources. Importantly, we were underweight platinum group metals, which is the sector that bore the brunt of the recent sell-off and we were underweight iron ore as we hold no BHP Billiton or direct exposure to Kumba Iron Ore. The iron ore price was completely unsustainable at over $200, especially given widely available resources and China's many directives to the steel industry to reduce production.

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 also benefits shareholders, as they are receiving significant cash flows from these assets as coal prices rise, which also benefit a green transition as it makes renewable energy sources more cost-competitive.

As alluded to earlier, the Strategy has continued to invest in longer-dated South African government bonds. While we expect global bonds to sell off, given their exceptionally low yields, we still believe SA bonds offer value. With real yields in excess of 5%, they are already pricing in significant risk of default, which we believe is unlikely in the medium term. The rand should remain supported by very positive terms of trade conditions, which we expect to persist, and this will also support these real yields. The new Finance Minister, Enoch Godongwana, remains committed to the fiscal prudence undertaken by his predecessor, but we will need to wait for the Medium Term Budget Policy Statement (MTBPS) in November to see any specific changes to the outlook.

With the combination of a portfolio of bonds yielding in excess of 10% and domestic equities offering meaningful dividend yields and capital return potential, we remain optimistic on the Strategy's ability to generate double-digit returns over the medium return, subject as always, to the risks of short-term volatility brought about by global and local market conditions.