CORONATION

GLOBAL CAPITAL PLUS STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 MARCH 2022

CORONATION
TRUST IS EARNED™

LONG TERM OBJECTIVE

The Coronation Global Capital Plus Strategy provides investors with access to the best investment ideas from around the world, with the aim of maximising long-term capital growth while minimising capital risk. It blends individual asset selection to reflect Coronation's view across asset classes, regions and currencies. Risk diversification is through direct and indirect exposure to equity securities, deposits, listed private equity funds, fixed income and debt-related instruments and commodities. The Strategy is broadly diversified across countries, including the developed economies of the US, Europe and Japan as well as emerging markets. The Strategy's objective is to outperform the benchmark over a 3 – 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)	140.8%	6.9%	133.9%
Since Inception p.a.	6.8%	0.5%	6.3%
Latest 10 years p.a.	5.2%	0.0%	5.2%
Latest 5 years p.a.	4.9%	1.3%	3.6%
Latest 3 years p.a.	5.8%	0.8%	5.0%
Latest 1 year	2.9%	0.1%	2.8%
Year to date	0.2%	0.0%	0.2%
Month	0.9%	0.0%	0.9%

ASSET ALLOCATION

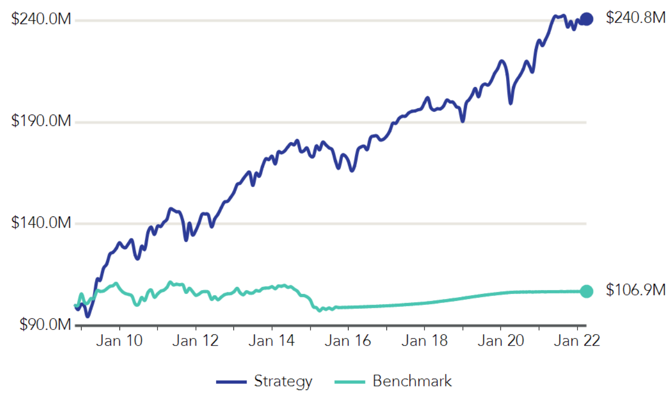
Asset Type	% Strategy
Equities	41.9%
Bonds	26.3%
Cash	24.6%
Commodities	5.4%
Property	1.8%

GENERAL INFORMATION

Inception Date	01 November 2008
Strategy Size *	$742.9 million
Strategy Status	Open
Mandate Benchmark	Secured Overnight Financing Rate (SOFRINDX Index)
Performance Target	Secured Overnight Financing Rate (SOFRINDX Index) + 1.5%
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: Secured Overnight Financing Rate (SOFRINDX Index) from 01 December 2021. Previously ICE LIBOR USD 3 Month (US0003M Index).

TOP 10 HOLDINGS

Holding	% Strategy
CORO GBL STRATEGIC INCOME-Z (IRL)	8.1%
US T-BILL 0.000% 020622 (USA)	6.0%
US T-BILL 0.000% 090622 (USA)	5.4%
ISHARES PHYSICAL GOLD ETC ETP USD (IRL)	5.4%
US T-BILL 0.000% 120522 (USA)	4.0%
VINCI SA (FRA)	1.5%
NATIONAL GRID PLC (GBR)	1.4%
51JOB INC ADR (CHN)	1.3%
GETLINK SE (FRA)	1.3%
GROWTHPOINT PROPERTIES INTL 5.872% 020523 (ZAF)	1.3%

GEOGRAPHIC EXPOSURE

Region	% Strategy
North America	39.4%
Europe	24.7%
CEEMEA	21.5%
Asia	4.3%
LATAM	2.1%
Japan	0.1%
Other	7.9%

CURRENCY EXPOSURE

Currency	% Strategy
USD	82.2%
GBP	13.8%
EUR	5.7%
CNY	(3.7)%
Other	2.0%

PORTFOLIO MANAGERS

Louis Stassen - BSc, BCom (Hons), CFA

Louis is a founding member and former Chief Investment Officer of Coronation, with 32 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, CFA

Neil is a portfolio manager and head of Global Developed Markets. He joined Coronation in May 2012 and has 14 years' investment experience.

REGULATORY DISCLOSURE AND DISCLAIMER

REVIEW FOR THE QUARTER

Global equity markets (as measured by the MSCI All Country World Index) were weak in the first quarter (Q1-22), falling 5.4%, with the S&P 500 Index outperforming the global index and both emerging markets and Europe underperforming, the latter performing more poorly post Russia's invasion of Ukraine in late February. Inflation surprised to the upside, with US CPI reaching 8.5% at the end of March, preceding rapid increases in interest rates. The US 10-year government bond yield rose from 1.5% to 2.3% in the quarter. The bond market fared even worse than equity markets, with the aggregate bond index (as measured by the Bloomberg Barclays Global Aggregate Bond Index) declining 6.2% in the quarter.

Against the backdrop of weak equity and bond market returns, the Strategy protected capital and was essentially flat for the quarter (returning 0.19%). Over more meaningful periods such as five and 10 years, the Strategy has returned 4.9% p.a. and 5.2% p.a. respectively, substantially ahead of cash and inflation.

For the quarter, the primary contributors to return were:

- commodities ex-gold, which returned 42%;
- gold, which returned 8.7%;
- property, which returned 7.9%; and
- infrastructure, which returned 4.8%.

Equity holdings were the main detractor, returning -2.6% in the quarter.

Anthem and UnitedHealth, the US health insurers, were both positive contributors to performance during Q1-22 and over the longer term as several market fears proved unfounded.

First, concerns about increasing medical loss ratios (medical costs as a percentage of revenue) were allayed. Both stocks benefited from the decline in Omicron infection levels during the quarter and intra-quarter commentary from Anthem that medical costs were developing better than their internal expectations. Should any significant unexpected pent-up medical procedure demand emerge, the insurers can reprice their business over the coming years and we would expect little impact on the long-term earnings power of these businesses.

Secondly, at the same conference appearance Anthem reiterated that they were seeing one of their best commercial enrolment seasons ever, further evidence that its strategy of reinvesting into benefit structures and product offerings under CEO Gail Boudreaux is delivering results.

Fears that the Biden administration would seek to limit Medicare Advantage rate increases proved unfounded, highlighting the bipartisan political support for the programme. After quarter-end, the final rate updates for Medicare Advantage, the first under the Biden administration, were notably better than feared. Medicare Advantage is a large and growing business for UnitedHealth and a growing contributor for Anthem.

Finally, the health insurance stocks also appeared to benefit from a rotation away from growth toward defensive stocks. Medical spending in the US has remained resilient during past periods of economic dislocation. The health insurers' earnings stream is thus largely, albeit not entirely, disconnected from the economic cycle. They are also modest beneficiaries of higher interest rates due to the large statutory capital and insurance float balances they hold to cover medical claims payable, upon which they earn interest income.

The principal near-term risk is the looming Medicaid enrolment reverifications that will occur once the public health emergency in the US is declared over. Reverification is the process to ensure that only those eligible for Medicaid are enrolled in it. The companies were allowed to delay reverification during the pandemic to assist citizens through the difficult period. Medicaid is a sizable business for Anthem, but its diversified presence across all health insurance segments should see it recapture its fair share of lost Medicaid enrolment, potentially at more attractive margins.

Given the strength in the stocks, the margin of safety has reduced, but we believe they still offer attractive compounding long-term returns, with earnings expected to grow in the low- to mid-teens per year over the medium term.

Meta, formerly known as Facebook, performed poorly in the quarter after it released weak guidance during their Q4-21 results. They guided to single-digit Q1-22 revenue growth after having historically grown well north of 20%. The two biggest drivers of this slowdown in growth were Apple's privacy changes, which have hampered the effectiveness of Meta's ability to finely target consumers with relevant adverts, and increased competition for consumers' attention from TikTok.

Meta is actively working on rebuilding their advertising technology stack to mitigate the impact of Apple's changes. These changes will take time. However, encouraging initial progress has been made. We expect there to be some permanent degradation in their advertising product, but it should still provide a relatively powerful targeted advertising solution that should benefit from the structural growth of the digital advertising market, which continues to gain share from offline advertising channels. Meta is also being proactive in its defence against TikTok. The company has increased focus on the younger generation, which have been the first adopters of the new platform, and are seeing good traction with Reels which is directly comparable to TikTok's core product (short-form video-based social media).

While these two headwinds represent a challenge to the company, Meta has historically executed well against previous threats, and the business is very attractively valued on a forward free cash flow despite being firmly in investment mode at a scale few competitors can match (Meta trades on a ~7% 2023 FCF (free cash flow) yield and capex to sales is above normal). Meta is currently undertaking a material buyback programme, having purchased $45bn (~7% of the spot market capitalisation) in stock over the 12 months ending December 2021.

At quarter-end the Strategy was positioned as follows:

- 34% in equity, which includes our commodity equity exposure of 3.2%;
- 6.4% in property and infrastructure;
- 11.7% in high yield fixed income;
- 6.3% in inflation-linked investments (gold and inflation break-evens);
- 3.1% in merger arbitrage; and
- 38.5% in investment-grade fixed income (with 17% in short-dated Treasury bills, and 17% in investment-grade corporate credit).

We have sought to construct a fundamentally diversified portfolio, with a tilt towards inflation protection. We think it is more appropriate than the cash benchmark or a large holding in government nominal bonds that offers very low nominal yields. The risks associated with holding these bonds have become more evident in the quarter as inflation has surprised to the upside and nominal bonds have rapidly repriced lower.

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