

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)	4,884.1%	2,715.6%	2,168.5%
Since Inception p.a.	15.2%	12.8%	2.4%
Latest 20 years p.a.	14.8%	13.5%	1.3%
Latest 15 years p.a.	13.3%	11.7%	1.6%
Latest 10 years p.a.	9.5%	8.4%	1.1%
Latest 5 years p.a.	13.2%	10.1%	3.1%
Latest 1 year	16.4%	13.4%	3.0%
Year to date	16.4%	13.4%	3.0%
Month	2.2%	2.3%	(0.1)%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	11.9%	11.3%
Maximum Drawdown	(23.5)%	(27.7)%

ASSET ALLOCATION

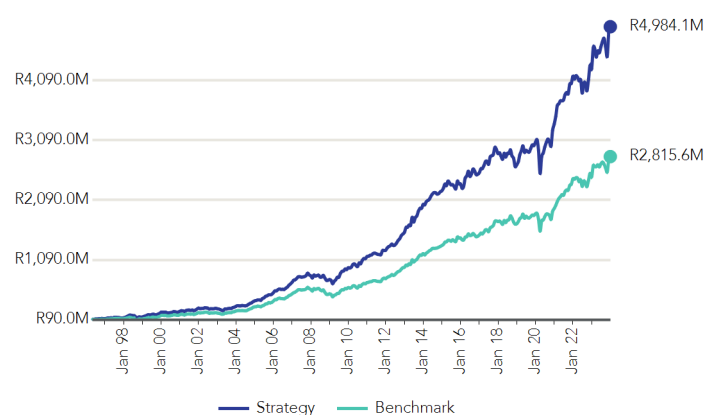
Asset Type	% Strategy
Local Equities	40.9%
Foreign Equities	28.6%
Foreign Bonds	12.2%
Local Bonds	7.4%
Local Real Estate	5.8%
Cash	3.8%
Local Commodities	0.8%
Foreign Real Estate	0.4%
Local Preference Shares	0.1%

GENERAL INFORMATION

Inception Date	01 May 1996
Strategy Size †	R20.78 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	11.1%
CORONATION GEM EQUITY FUND	5.3%
PROSUS	4.9%
CORONATION GLB EQ SE-Z USD	4.1%
STANDARD BANK GROUP LTD	3.4%
CIE FINANCIERE RICHEMO-A REG	2.6%
ANHEUSER-BUSCH INBEV SA/NV	2.2%
RSA ILB 2.250% 310138	2.2%
BRITISH AMERICAN TOBACCO PLC	2.1%
NEDBANK GROUP LIMITED	1.9%

EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	(1.2)%	2.1%
1 to 3 years	1.0%	0.9%
3 to 7 years	2.9%	2.8%
7 to 12 years	0.9%	0.8%
Over 12 years	2.4%	2.3%

MODIFIED DURATION*

Portfolio	0.4
Fixed Income Assets	7.3

PORTFOLIO MANAGERS



Neville Chester - BCom, CA (SA), CFA

Neville is a senior member of the investment team with 26 years' investment experience. He manages Coronation's Aggressive Equity Strategy and is co-manager of the Coronation Top 20 and Market Plus unit trust funds



Nic Stein - BBusSc, CA (SA), CFA

Nic is a portfolio manager and analyst within the Coronation investment team with 14 years' investment experience. He co-manages the Coronation Aggressive Equity and Managed strategies as well as the Coronation Resources, Top 20 and Market Plus unit trust funds.

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

REVIEW FOR THE QUARTER

As the 2023 calendar year drew to a close, the extreme volatility we have become accustomed to in financial markets remained in place. October saw a sharp sell-off, followed by a strong recovery in November, and then mixed fortunes across markets in December. Pleasingly, 2023 was a good year for the Strategy, delivering a return of 16.4% for the period, well ahead of inflation, creating real growth for our clients.

The last quarter started with a sharp sell-off across most asset classes over fears of interest rates remaining higher for longer, which then made a full 180-degree turn on a slightly better inflation print from the US, which triggered an 'everything' rally as all asset classes appreciated on a view that the US interest rate cycle had not only peaked but would soon be entering a cutting cycle.

We will only find out how true this is as 2024 rolls through, but the change in sentiment was particularly bullish for yielding asset classes such as property and bonds and the longer duration growth stocks. Fortunately, the Portfolio had good exposure to risk and yielding assets and captured much of this bullish turn of events. Our global equity exposure, both to developed and emerging markets, contributed positively over the period. As markets start to think about lower interest rates in the US, there will potentially be a resurgence in interest in assets outside of the US, a welcome change after years of US dollar dominance over all other markets. Given that the S&P 500 Index was at or close to peak levels once again, we took the opportunity to reduce some of the global developed market exposure through a combination of physical selling and put protection.

Proceeds from the selling of global equity positions have been deployed mainly into the corporate bond sector, where we still see opportunities to make attractive investments, even though there has been some tightening of credit spreads through this period. We remain favourably disposed to the global corporate bond sector over sovereign exposure, given that many sovereigns are over-indebted, and we still think sovereign yields are not particularly attractive at current levels.

Our exposure to the local equity market remained constant; while there was a strong rally towards the end of the year in domestic names, a couple of shares were hit by some idiosyncratic events. Anglo American, the diversified global miner, released a disappointing capital market update, indicating a significant decline in its medium-term production of copper. The market took this news very negatively given that copper is the commodity with the most bullish medium-term outlook (it is cold comfort that the Anglo announcement will add to upward pressure on the copper price!). Naspers was impacted just before Christmas by the release (in China) of onerous draft regulations on the gaming industry, which were hastily retracted, and the relevant official removed, resulting in some recovery in the share price, but it still impacted the portfolio performance.

Despite these specific shares, the SA equity portfolio still delivered a decent positive contribution, as other key stock picks such as the banks, telcos and other diversified miners recovered strongly in the 'risk on' environment engendered by the positive sentiment towards US interest rates.

Our property holdings had another good quarter as their high yields started to attract interest and investors started to contemplate the cost of debt funding declining as we move into a rate-cutting cycle, which will be positive for these leveraged businesses. The global property names that we own had a particularly strong run, notably NEPI Rockcastle (listed on the JSE) and some of our European property exposure (held offshore). The L2D buyout closed out successfully, reducing our exposure to the sector.

On the local bond front, we have been adding to our inflation-linked bonds (ILBs). With real yields close to 5%, we think this is a very good hedge against inflation to have in the Portfolio. While global inflation appears to be coming under control, we remain concerned about above-inflation wage increases locally and the potential risk of further rand weakness (which is always inflationary). The ILBs give investors solid protection from these risks.

It is always pleasing in a multi-asset fund to see many potential asset classes offering the prospect of decent returns, and this remains the case. Despite a better 2023, most markets still have the potential to offer SA-based investors attractive returns. As we have seen recently, short-term volatility will remain high, but the solid double-digit returns delivered by the Strategy are a testament to the benefits of a flexible actively-managed multi-asset fund.