

## LONG TERM OBJECTIVE

The Coronation Africa Frontiers Strategy aims to maximise the long-term risk-adjusted returns available from investments on the continent through capital growth of the underlying stocks selected. It is a flexible portfolio primarily invested in listed African equities or stocks listed on developed and emerging market exchanges where a substantial part of their earnings are derived from the African continent. The Strategy may hold cash and interest bearing assets where appropriate.

## INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house, focused on bottom-up stock picking. 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 clean-slate 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)	222.6%	28.5%	194.1%
Since Inception p.a.	7.2%	1.5%	5.7%
Latest 15 years p.a.	5.6%	1.6%	4.0%
Latest 10 years p.a.	3.2%	2.2%	1.0%
Latest 5 years p.a.	12.1%	2.9%	9.2%
Latest 1 year	35.9%	4.9%	31.0%
Year to date	24.5%	2.2%	22.3%
Month	6.5%	0.4%	6.1%

For a side-by-side comparison of gross and net performance, please refer to <http://www.coronation.com/us/strategy-performance>

## SECTOR EXPOSURE

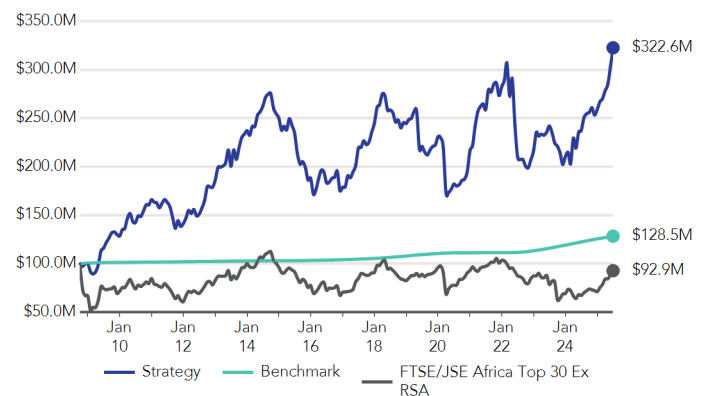
Sector	% Strategy
Consumer Goods	26.3%
Telecommunications	24.4%
Financials	21.2%
Basic Materials	8.9%
Industrials	6.8%
Health Care	4.4%
Oil & Gas	3.8%
Utilities	2.3%
Consumer Services	0.7%
Interest Bearing	1.2%

## GENERAL INFORMATION

Inception Date	01 October 2008
Strategy Size *	\$484.6 million
Strategy Status	Open
Target	Secured Overnight Financing Rate (SOFRINDEX Index) + 3% per annum
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 (SOFRINDEX Index) from 01 December 2021. Previously ICE LIBOR USD 3 Month (US0003M Index).

The performance shown is gross of fees.

## GEOGRAPHIC EXPOSURE

Country	% Strategy
Egypt	26.2%
Nigeria	17.1%
Morocco	15.4%
Kenya	13.9%
Zimbabwe	6.8%
Ghana	3.6%
Senegal	2.9%
Mauritius	2.4%
Uganda	2.3%
Democratic Republic of the Congo	2.2%
Botswana	2.2%
Côte d'Ivoire	1.7%
Tanzania	1.7%
Canada	0.3%
South Africa	0.1%
Cash	1.2%

## PORTFOLIO MANAGERS

**Peter Leger** - BScEng, BCom (Hons), CFA

Peter is head of Global Frontier Markets and manager across all strategies within the investment unit. He joined Coronation in 2005 and has 25 years' experience in African financial markets as both a portfolio manager and research analyst.

**Gregory Longe** - BBusSc, CA (SA), CFA

Greg is an analyst and portfolio manager in the Global team at Coronation. He co-manages the Africa Frontiers Strategy and is also responsible for analysing developed market stocks. He joined Coronation in 2013 and has over 11 years' investment experience.

**Floris Steenkamp** - BAcc (Hons), CA (SA), CFA

Floris is an analyst and portfolio manager in the Global team at Coronation. He co-manages the Africa Frontiers Strategy and is also responsible analysing developed market stocks. He joined Coronation in 2014 and has 10 years' investment experience.

## FUND MANAGER

Please contact Coronation for further information

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## REGULATORY DISCLOSURE AND DISCLAIMER

The Prospectus and a Summary of Investor Rights can be sourced on the following link: <https://www.coronation.com/en/institutional/strategy-information/literature/>.

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The volatility of the Benchmark represented in the growth chart above may be materially different from that of the Strategy. In addition, the holdings in the accounts comprising the Strategy may differ significantly from the securities that comprise the Benchmark. The Benchmark has not been selected to represent an appropriate benchmark to compare the Strategy's performance, but rather is disclosed to allow for comparison of the Strategy's performance to that of a well-known and widely recognized Benchmark.

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## REVIEW FOR THE QUARTER

**Strategy performance**

Across African markets, the strong performance of the first quarter (Q1) continued throughout the first half of the year. Despite an escalation of the war in the Middle East and a plethora of tariff announcements out of the US, African markets performed very well over Q2. The Strategy returned +15.9% in US dollars over the past three months. The Africa indices also performed well with both the FTSE/JSE All Africa (ex South Africa) 30 Index (JA30) and the MSCI EFM ex SA Index up +10.2% this quarter. After several tough years as an African equity investor, the past 12 months have been a very strong reversal of fortunes, with the Strategy returning 35.9% in US dollars. Since inception more than 15 years ago, the Strategy has returned +7.2% p.a., while the index return over this period was negative: -0.4% p.a. for the JA30 Index and -0.2% p.a. for MSCI EFM ex SA.

**Market performance**

Ghana was up +50.4% in US dollars over the quarter as the Ghanaian cedi strengthened meaningfully. The current rally is being sustained by the strong gold price, the formation of the Gold Board to help formalise small mining gold sales (and discourage illegal mining losses from 'galamsey'). This is being managed by the Bank of Ghana's Gold Purchase Programme, but is likely to plateau, and/or decline over time. Kenya (+17.3%) and Nigeria (+13.8%) were also very strong, while Morocco continued to increase steadily. The Moroccan market was up another 10.3% following the first quarter's +26.4% in US dollars. Given Morocco's outsized weight in the indices, Morocco continues to be the biggest driver of index performance. Egypt (+4.6%) and Mauritius (-5.8%) were relatively weaker over the same period.

**Contributors and detractors**

The largest contributors to performance this quarter came from Nigerian Breweries (+3.8%), Safaricom (+2.0%) and MTN Ghana (+1.6%). Strong Q1 results for Nigerian Breweries provided the first look into the underlying performance of the business post the large rights issue (more on this below). Safaricom was up strongly on the back of investors beginning to appreciate that the losses in the Ethiopian business were expected to halve this year, driving a 45% increase in earnings. MTN Ghana benefited from the strong performance of the cedi.

The largest detractors were Eastern Company (-0.6%), Meren Energy (-0.3%) and MCB Group (-0.2%).

*Nigeria*

Nigeria has been the most significant country contributor to the Strategy over the past quarter (+7.8%) and is the second largest contributor (+9.2%) behind Egypt (+10.4%) over the past year. This is despite our average weight in Nigeria being roughly half our exposure in Egypt over the 12 months. We have written about the various reforms under President Tinubu before, and these are continuing to bear fruit. Nigeria has benefited from a period of currency stability post the 2024 devaluation. More important than stability, there has also been a period of improved liquidity of US dollars. Companies have been able to access the dollars they need to import raw materials, buy equipment or machinery and run their businesses. This has resulted in robust returns for several of our Nigerian holdings, with Nigerian Breweries returning +112%, Guaranty Trust Bank up +105% and Stanbic IBTC +77% over the past year.

Nigerian Breweries was the largest contributor to performance this quarter. In Q4 2024, we participated in the Nigerian Breweries rights issue, which increased the position size in the Strategy from c. 2% to c. 6%. We've always viewed this Heineken subsidiary as a good business with the best product Strategy of strong national and international brands across the price ladder and operating in a country with favourable demographics. However, over the past decade, the company faced several headwinds: The competitive intensity increased when ABI entered Nigeria, the large devaluations over the past decade increased costs, which pressured margins, and due to currency shortages, the company built up large hard currency payables. The latter likely had the most significant operational and financial impact on the business, to the point where the company's capital structure was no longer sustainable. In 2024, we saw several positive developments: The competitive intensity eased as ABI started to focus more on profitability, the reforms in Nigeria resulted in currency stability and good access to hard currency, and finally, the rights issue addressed the balance sheet concerns at Nigerian Breweries.

When Nigerian Breweries reported their Q1 results in April 2025, we saw the first evidence of these improvements: Revenue grew 68%, operating margins increased from 11% to 22% and net profit changed from a loss to a profit. The share price reacted very strongly to these results. We participated in the rights issue at a price of NGN 26.50 per share, and by 30 June 2025, the share price more than doubled to NGN 59 per share. Despite this move, the company still trades on very attractive valuations. Revenue should grow strongly, driven by volumes and pricing (the price of a beer in Nigeria is still very low by global standards), and margins have ample room to expand further. We believe a forward PE multiple of 15x is attractive for a business of this quality, which should deliver robust earnings growth in the coming years.

Further evidence of the turnaround in Nigeria is the recent capital raise at Guaranty Trust Bank. In the days following quarter end, Guaranty Trust Bank raised over \$100mn in a book build in London. The deal was oversubscribed on the London Stock Exchange and is yet another positive Nigerian data point.

## Outlook

Despite a year of very strong absolute returns, company valuations across the Strategy remain very attractive. This is a function of several years of de-rating and strong earnings growth. The Strategy remains in excellent shape. The large currency markets continue to function well, despite global geopolitical and tariff uncertainty. For our large markets, the direction of travel continues to be positive, with inflation falling and interest rate cuts coming through. An example of this was Egypt, where the Central Bank cut rates for the first time since October 2020. Rates were cut by 225bps in April and a further 100bps in May. We remain grateful for your support