

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

Period	Gross Return	Net Return*	Benchmark	Active Return†
Since Inception cum.	290.8%	181.2%	29.9%	260.9%
Since Inception p.a.	8.3%	6.3%	1.6%	6.7%
Latest 15 years p.a.	6.4%	4.5%	1.6%	4.8%
Latest 10 years p.a.	6.7%	5.1%	2.3%	4.4%
Latest 5 years p.a.	16.0%	14.3%	3.1%	12.9%
Latest 1 year	52.6%	50.3%	4.6%	48.0%
Year to date	50.8%	49.1%	3.3%	47.5%
Month	5.3%	5.2%	0.4%	4.9%

Active return is calculated as the Gross return less the Benchmark return. Figures may differ due to rounding.

* The "net" return series consists of a composite weighted average of actual net returns for USD denominated portfolios (both pooled and segregated). The highest fee paying class is used where the performance of pooled vehicles are included in the composite.

† The active return shown is gross of fees.

SECTOR EXPOSURE

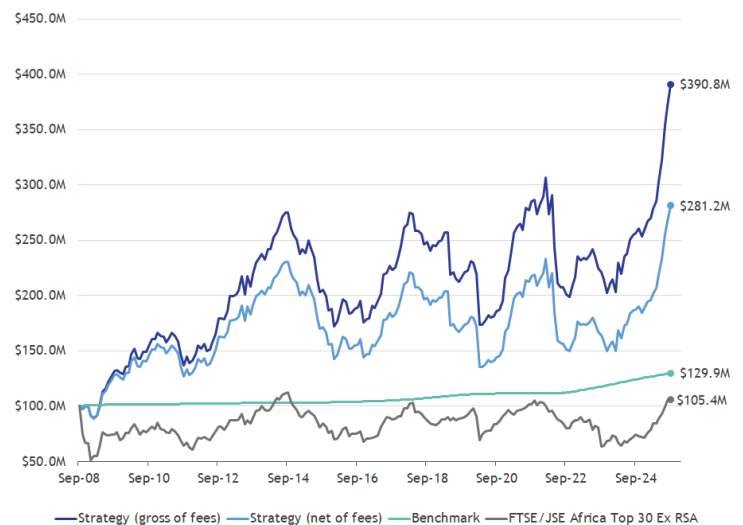
Sector	% Strategy
Consumer Goods	25.0%
Telecommunications	22.9%
Financials	19.7%
Basic Materials	8.8%
Industrials	6.3%
Health Care	5.9%
Oil & Gas	4.5%
Utilities	1.0%
Consumer Services	0.7%
Interest Bearing	5.2%

GENERAL INFORMATION

Inception Date	01 October 2008
Strategy Size *	\$586.8 million
Strategy Status	Open
Target	Secured Overnight Financing Rate (SOFRINDX 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 (SOFRINDX Index) from 01 December 2021. Previously ICE LIBOR USD 3 Month (US0003M Index).

GEOGRAPHIC EXPOSURE

Country	% Strategy
Egypt	31.8%
Nigeria	15.0%
Morocco	13.5%
Kenya	12.5%
Zimbabwe	6.1%
Ghana	3.7%
Democratic Republic of the Congo	2.9%
Côte d'Ivoire	2.2%
Mauritius	2.1%
Senegal	1.9%
Botswana	1.9%
Tanzania	1.7%
Uganda	1.0%
South Africa	0.3%
Cash	3.4%

PORTFOLIO MANAGERS

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

Peter is head of Africa Frontiers and manager across all strategies within the investment unit. He joined Coronation in 2005 and has 28 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 12 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 11 years' investment experience.

FUND MANAGER

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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

The spectacular move in African markets continued this quarter, and our Strategy continued its long-term outperformance. The Strategy returned +21.3% in US dollars over the past three months, while the FTSE/JSE All Africa (ex-South Africa) 30 Index (JA30) was up +14.0% and the MSCI EFM ex SA Index was up +8.7% this quarter. Over the past twelve months, the Strategy has now returned a remarkable +52.6% in US dollars, with the indices up a strong +36.8% (MSCI) and +43.0% (FTSE/JSE). Since inception more than 15 years ago, the Strategy has returned +8.4% p.a., while the index returns over this period was +0.3% p.a. for the FTSE/JSE index and +0.3% p.a. for the MSCI index.

Market performance

Nigeria was the strongest market over the quarter, delivering +23.3% in US dollars. Egypt (+15.7%) and Kenya (+15.2%) were also very strong, while Morocco was the laggard (+3.0%). As mentioned in the previous quarter's commentary, Morocco has had a very strong 12 months (+41.4%) as excitement around the 2030 FIFA World Cup investment spend gained momentum, and the currency has been a beneficiary of Euro strength. September saw a reversal of fortunes. The Moroccan market fell by -5.1%. The move was in response to widespread Gen Z protests calling for health and education reforms and criticizing the government's spending on the World Cup and related projects. The protests were suspended in early October, but we continue to monitor the situation closely, both for potential risks to Strategy holdings and opportunities to add to positions unfairly punished.

Contributors and detractors

The largest contributors to performance this quarter came from Eastern Company (+3.6%), Telecom Egypt (+2.7%), and Nigerian Breweries (+1.8%). These three businesses remain core holdings for the Strategy and continue to deliver strongly. We spoke about Nigerian Breweries in last month's commentary and touch on the other two companies, Eastern Company and Telecom Egypt, in the section below. The largest detractors were Hightech Payment Systems (-0.5%), Umeme (-0.2%), and Akdital (-0.1%). Egypt (+9.8%), Nigeria (+4.4%), and Kenya (+2.5%) were the largest country contributors to performance with no country a material detractor.

Eastern Company (Eastern) is the largest cigarette manufacturer in Egypt with a >70% market share. It is also one of only two firms licensed to produce locally. The company has unrivalled scale in one of the world's largest cigarette markets. Eastern has moved from being majority government-owned to being held by Philip Morris International-backed Global Investment Holding. This is a material shift and provides much-needed industry expertise and access to global best practices, which are only beginning to be implemented across the company. Currency shortages in FY23¹ and FY24 meant that Eastern was unable to access the quantity of raw tobacco it required, constraining production. In FY25, this has improved dramatically, boosting sales volumes, which when coupled with pricing, has seen revenue increase 133% year-on-year (yoy) in 1H25. Volumes still have some way further to grow and should be a tailwind for several years to come. This is unusual globally, where volume declines are the norm. Continued cost control and an efficiency drive serve as further drivers of the investment case.

Telecom Egypt owns a collection of very attractive telecommunications assets and investments in Egypt. They possess fixed line infrastructure that is impossible to replicate: a 45% stake in Vodafone Egypt (Egypt's leading mobile operator and dominant mobile money business); all their towers; and several data centres. The stake in Vodafone Egypt is particularly interesting, given the growth of mobile money in the country and the opportunity to replicate Kenya's M-Pesa-like success in a country that is many times the size of Kenya.

For both companies, we have the opportunity to own these businesses at well below what we think they are worth, and they remain our two largest Strategy holdings.

Valuations

While Telecom Egypt is up 58.6% in USD over the past 12 months, the PE(f) multiple has moved from around 4x to around 5x. This is still very cheap for a business of this quality. Earnings have been the main driver of the share price performance, rather than a re-rating.

¹ July 2022 to June 2023

At a Strategy level, the strong performance over the past year has seen a modest increase in valuations. A measure of valuation is the number of years of earnings that share prices imply, or the forward-looking price earnings multiple, PE(f). The weighted average PE(f) for the top 10 has increased from 8.7x a year ago to 11.1x today, while the overall Strategy PE(f) has increased from 9.8x to 12.5x. Despite the strong absolute returns, company valuations across the Strategy remain very attractive. The 12.5x is still below the 2014–2019 pre-Covid average PE multiple of 12.7x. During the 2020–2024 Covid-impacted period, valuations averaged 8.9x. The recent re-rating marks a recovery from the severely depressed Covid valuation levels to a more normalised level. Earnings multiples continue to trade well below those in emerging markets. Strategy level PE(f) multiples are a blunt instrument and fail to account for country mix (some countries' stock markets trade on higher valuation multiples for a variety of reasons), growth (faster growing companies typically trade on higher multiples), and quality (higher quality companies typically trade on higher multiples). When compared to a year or two ago, we would argue that the Strategy has a higher weighting in higher-rated countries, growth and quality companies and thus should be expected to trade on a higher multiple than has historically been the case.

Outlook

The past few years' returns have been very strong. This has been a function of relative currency stability, a recovery in earnings post an economic reset in several large markets, and increased investor interest after many years of neglect. Conferences are better attended, journalists are dusting off our phone numbers and we are seeing a stirring of animal spirits again. We remain excited about the future prospects of the underlying businesses held in the Strategy and look forward to reporting on their progress in the coming years. Thank you for your continued support.