

HOW CORONATION CREATES VALUE FOR CLIENTS

We focus on excellent client service delivered via long-term investment outperformance, integrated stewardship of client assets, and building a transformed and inclusive financial services industry.

Our Client Charter

We strive to always put clients first

We have an unwavering commitment to the long term

We focus on producing top performance over all meaningful periods

We are uncompromising about ethics



All our employees commit to the Coronation Client Charter and, as an independent asset manager with no tied assets, we are conscious of the fact that assets under our management can leave us on 24 hours' notice. Putting clients' needs first is key to our sustainability as a business.

Coronation has two primary client markets: institutional clients (South Africa and international); and personal investors (South Africa only). Employees are directly invested in the business and currently own 25% of the Company, while our Remuneration Policy aligns employees with client interests (→ *refer to our Remuneration Policy on page 55*). We strive to protect investment outcomes for clients, as demonstrated by our decision to close our institutional business to new clients in our South African equity and multi-asset class portfolios in 2012. They were subsequently reopened in 2017.

Further, we focus on consistent execution of our valuation-driven investment philosophy; regular fee and benchmark reviews; achieving rigorous client service targets; continuous enhancement of client service platforms and correspondence; and world-class security measures.

We are committed to:

No window-dressing of returns

- ▶ Institutional and retail clients are treated equally
- ▶ We were the first asset manager in South Africa to comply with the Global Investment Performance Standards: a set of standardised ethical principles promoting performance transparency and comparability

Appropriate funds and strategies

- ▶ We offer a complete institutional offering across asset classes and geographies
- ▶ Our focused range of domestic and international unit trust funds is grouped by investor need

Fees aligned with client interests

- ▶ When determining fees, we make allowance for our long-term ability to outperform the market over meaningful time periods, while also being fair and reasonable to both clients and the business
- ▶ As part of this commitment, we continually review fees to ensure they reflect market conditions and offer compelling value to both our retail and institutional clients

CORONATION IS

25%

employee owned

A highly skilled and stable investment team

- ▶ A single, integrated global investment team, including 68 well-rounded professionals with the expertise to price for profit across sectors, asset classes and geographies
- ▶ On average, team members have 10 years of experience with Coronation
- ▶ Three former chief investment officers still actively manage money

How we deliver investment outperformance

For over a quarter of a century, Coronation has invested its clients' assets according to the same disciplined philosophy. Coronation is an active manager, with a single long-term, valuation-driven investment philosophy. Through extensive proprietary research, we identify mispriced assets trading at discounts to their long-term business value. We are solely focused on assessing the long-term worth of a business and do not change positions based on the near-term earnings outlook, or on recent news flow.

- ▶ Our proprietary company research is supported by extensive first-hand scrutiny of potential holdings, including country visits and meetings with management, competitors, industry experts and other information sources.
- ▶ Consistent with our long-term investment horizon, we integrate environmental, social and governance (ESG) factors into our investment decision-making. We also engage and collaborate as an active shareholder, enabling us to more deeply understand the drivers of long-term value for companies in our portfolio, address key business risks and promote sound governance, all of which are consistent with our overall investment objectives. (→ refer to page 18).

- ▶ We manage risk in multiple ways, including requiring higher margins of safety to our valuations, calibrating the size of exposures, diversifying, monitoring various macro drivers and ensuring that risk is appropriately managed at a portfolio level.
- ▶ Our investment team has been remarkably stable for the past 10 years when compared to the industry, and we are privileged to have a large and experienced group of professionals with a deep knowledge of industries and asset classes across multiple geographies. We believe our investment strategy benefits from a culture that encourages individuals to challenge one another, making us less prone to error as a result of biases and/or faulty assumptions.

We understand that all clients are different, with differing risk budgets and return targets. This is why we offer a complete fund range that includes multi-asset funds and building blocks (single-asset class funds). In this way, clients are empowered to select the fund that best meets their needs at a specific point in time. All clients receive the same investment outcomes in their chosen strategy – no matter their size, or whether they invested directly with Coronation or through their retirement fund or other intermediaries.

In our pursuit of generating long-term outperformance, we are fortunate that the majority of our clients understand this may, from time to time, come at the cost of underperformance in the short term. While these periods may be uncomfortable and testing, we have endured them many times throughout our 26-year history. We therefore know that they are an important part of our compelling and proven long-term investment track record.

Institutional clients

Our institutional strategies cover all asset classes across a number of geographies in both segregated and pooled mandates.

We are one of the largest managers of institutional assets in South Africa. Our clients include pension and provident funds, medical schemes, major banking and insurance groups, as well as other asset managers, through their multi-manager offerings. Distribution is conducted primarily through investment consultants, multi-managers and umbrella funds. We also manage assets for a number of leading international retirement funds, endowments and family offices.

Investment strategies

SOUTH AFRICA

- › Specialist Equity
- › Specialist Fixed Income
- › Global Multi-Asset
- › Domestic Multi-Asset

Hedge funds

- › Equity
- › Fixed Interest
- › Multi-Strategy

GLOBAL EMERGING MARKETS

- › Equity Long Only
- › Equity Hedge

GLOBAL

- › Specialist Equity
- › Global Diversified Growth
- › Global Capital Preserver

FRONTIER MARKETS

- › Africa Frontiers (excluding South Africa)
- › Global Frontiers

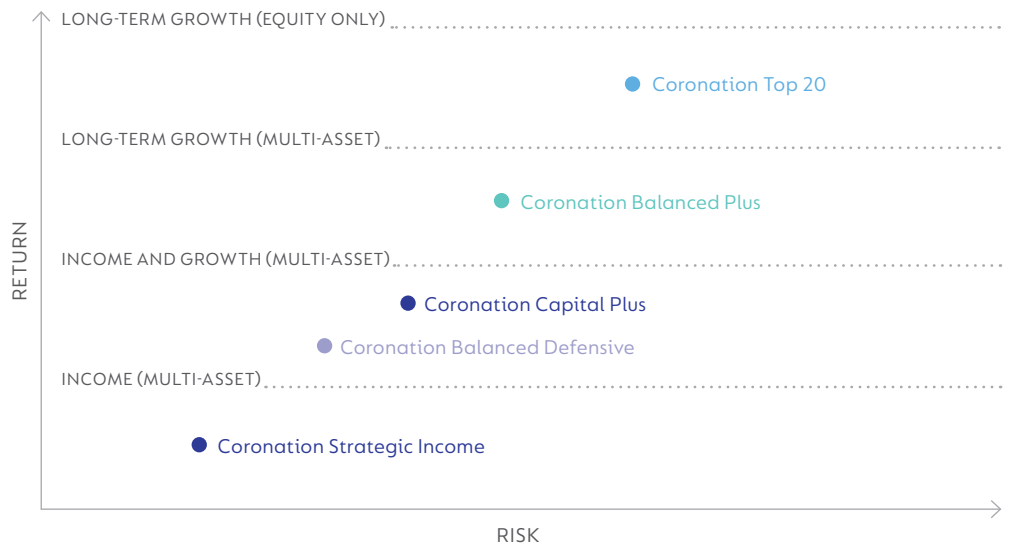
Personal investment clients

Our unit trust management company is one of the foremost managers of long-term assets in the South African collective investment schemes industry.

We offer a comprehensive range of investments, including domestic and international funds, individual retirement and life products, and tax-free investments. All funds are directly available from Coronation. We also distribute through the non-affiliated channels of discretionary managers, independent financial advisers and third-party linked investment service providers. We focus solely on investment management; we are not involved in other areas of the value chain, such as investment platform administration and the provision of financial advice.

For South African investors, we offer a focused range of domestic and international funds, grouped by investor need:

Domestic flagship funds



International flagship funds



Engaging with our clients

Institutional

Each client is assigned a dedicated fund manager, who manages every aspect of service, including investment strategy, reporting and product-related matters. Our client service fund managers work closely with the portfolio managers to ensure that they are an effective liaison – while freeing the portfolio managers to focus on investment management.

In addition to the dedicated fund manager, a client relationship manager is allocated to each client to attend to all administration-related queries.

We provide comprehensive monthly and quarterly reports on our investment portfolios.

Personal investments

A team of client service professionals respond to all client queries in accordance with strictly monitored turnaround times. All client-facing employees undergo intensive fund range and compliance training and are offered additional communication skills training. Financial advisers

are supported by Coronation investment specialists. Both direct clients and advisers receive regular communication covering a range of investment-related topics. This includes market insights and regulatory updates. In addition, our Company website provides extensive product information. We host comprehensive roadshows, meetings and presentations throughout the course of the year, and conduct focused market research via multiple customer touchpoints.

Further, to help advisers meet their Financial Intermediary and Advisory Services (FAIS) Act training and continuous professional development requirements, we offer Coronation-specific content, available on FAIS Exchange and other third-party platforms.

2019 outcomes for clients

Long-term investment performance

All of our domestic institutional portfolios with a track record of more than 10 years have delivered remarkable active returns since inception*.

INSTITUTIONAL PERFORMANCE – SOUTH AFRICAN PORTFOLIOS

South African Specialist Equity	Annualised return	Active return
Coronation Houseview Equity Since inception in October 1993	16.0%	2.2%
Coronation Aggressive Equity Since inception in February 2002	15.7%	2.1%
Domestic Multi-Asset	Annualised return	Active/real return
Coronation Global Houseview Since inception in October 1993	15.5%	9.4% Real (after-inflation) return
Coronation Managed Since inception in May 1996	15.6%	9.7% Real (after-inflation) return
South African Specialist Fixed Income	Annualised return	Active return
Coronation Strategic Bond Since inception in January 2008	9.8%	1.2%
Coronation Active Bond Since inception in July 2000	11.4%	0.9%

* All institutional performance returns are stated gross of fees as at 30 September 2019.

INSTITUTIONAL PERFORMANCE – GLOBAL PORTFOLIOS

Global portfolios	Annualised return (USD)	Active/real return
Coronation Global Emerging Markets Equity Strategy Since inception in July 2008 (USD)	6.5%	4.2%
Coronation Africa Frontiers Since inception in October 2008 (USD)	7.3%	6.4%
Coronation Global Equity Fund of Funds Since inception in July 2000 (USD)	6.4%	1.6%
Coronation Global Managed Strategy Since inception in November 2009 (USD)	7.7%	5.9% Real (after inflation) return

All institutional performance returns are stated gross of fees as at 30 September 2019.

UNIT TRUST PERFORMANCE – DOMESTIC AND INTERNATIONAL FUNDS

Fund name	Annualised return	Fund highlight
Coronation Top 20 Since inception in October 2000	16.9% 3.6% p.a. alpha	Outperformed the market by 3.6% per annum over nearly two decades
Coronation Market Plus Since inception in July 2001	15.0% 9.1% p.a. real return	Outperformed all South African multi-asset flexible funds since inception
Coronation Balanced Plus Since inception in April 1996	14.1% 7.8% p.a. real return	The number 1 balanced fund in South Africa since inception
Coronation Capital Plus Since inception in July 2001	11.6% 5.8% p.a. real return	The number 1 multi-asset medium equity fund in South Africa since inception
Coronation Balanced Defensive Since inception in February 2007	9.4% 3.4% p.a. real return	The number 1 multi-asset low equity fund in South Africa since inception
Coronation Strategic Income Since inception in July 2001	10.2% 2.5% p.a. ahead of cash	The number 1 multi-asset income fund in South Africa since inception
Coronation Global Opportunities Equity [ZAR] Feeder Since inception in August 1997	12.3% 0.5% p.a. alpha	Outperformed the global equity market by 0.5% per annum over more than two decades
Coronation Global Managed [ZAR] Feeder Since inception in October 2009	13.4% 8.2% p.a. real return	The number 1 global multi-asset high-equity fund in South Africa since inception
Coronation Optimum Growth Since inception in March 1999	14.3% 8.3% p.a. real return	Outperformed global equities (as measured by the MSCI World) with significantly less volatility since inception

Rand returns; performance returns are stated net of fees for the respective retail classes as at 30 September 2019. For the highest and lowest actual and annual figures as well as fund benchmarks, refer to the comprehensive fund fact sheets available on www.coronation.com.

Client service

We aim to provide excellent service to all our clients. On any given day, we have over 2 000 personal investment client interactions (calls, emails, logins to our website, face-to-face engagements) and each interaction is an opportunity to meet our clients' expectations and build trust. We maintain a comprehensive complaints policy, and have established systems and procedures to identify, investigate and resolve any client complaints. Our institutional clients each have direct access to a dedicated client fund manager.

Fair fees

Our fees are aligned with the interests of our clients. Reflecting this, some of our unit trust funds with performance fee structures discounted fees by up to 0.5% during the financial year as a result of failing to outperform their benchmarks over the five years preceding the valuation point.

Stewardship

To ensure that our clients are familiar with how we interact with investee companies and vote our proxies, we released our first Stewardship Report in 2019. The report outlines our approach to responsible investing and how we integrate, engage and collaborate on environmental, social and governance issues to unlock value for our clients. It also discloses our corporate engagement and proxy voting activities and provides insight into the nature of these engagements through case studies with both positive and negative outcomes (*→ refer to Sustainable investing on page 18 or download the full report from www.coronation.com*).

Fees aligned with clients' interests*



“Our focus remains on delivering investment excellence... while continuing to deepen our stewardship journey.”

Client communication

We provide our clients with regular investment information, including through our quarterly publication, *Corospondent*, which is distributed to both clients and advisers. To align our communication strategy with the changing consumption patterns of our clients, we broadened our channels to include podcasts and have increased our thought-leadership presence in the media. Additional channels of communication include our *coroconnect* adviser information portal and ad hoc client mailers on topical issues.

Our regular *Conversations with Coronation* presentation series continues to enjoy strong support from the professional adviser market.

Institutional clients and top independent financial advisers are invited to our annual investment and thought leadership conference, *Talking Investments with Coronation*. Here they enjoy the insights of Coronation investment professionals and industry thought leaders from across the globe.

Most of the content listed above is accredited for continuous professional development as required by the FAIS Act.

Appropriate strategies, funds and accounts

We offer a comprehensive institutional offering across asset classes and geographies, and our focused range of domestic and international unit trusts is suitable for most investor needs. We will also adapt our range to changes in the regulatory environment, if and when the need arises. We only develop new funds when we believe that a new mandate can sustainably meet a clearly defined investor need, and in areas where we have adequate capacity, resources and expertise to deliver competitive results over meaningful periods.

Client security

We continue to monitor and invest in technology that ensures our clients' information is secure and that their investments are protected (→ *refer to page 88*)

Focus for the year ahead

Our focus remains on delivering investment excellence for our clients. We will seek to deliver exceptional performance across all our strategies and build on our current long-term outperformance by adhering to our strict investment philosophy and maintaining a stable investment team, while continuing to deepen our stewardship journey through our proxy voting and investee company engagement activities (→ *refer to page 19*).

We will ensure that we maintain and improve relationships and service levels with our clients, and continue to actively engage and communicate with them. Additionally, we will investigate new products in line with the changing investment landscape.