

## HOW CORONATION CREATES VALUE FOR CLIENTS

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*During the Covid-19 pandemic, we remained unwaveringly focused on maintaining high levels of client service excellence, via long-term investment outperformance, integrated stewardship of client assets, and building a transformed and inclusive financial services industry.*

### Our Client Charter

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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. The Covid-19 pandemic saw a marked increase in client interactions, as we ramped up our communications, keeping our clients abreast of portfolio positioning and performance.

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 83*).

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.

### 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, and 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.

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INVESTMENT  
PROFESSIONALS

## A highly skilled and stable investment team

- A single, integrated global investment team, including 69 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

Coronation has invested its clients' assets according to the same disciplined philosophy for 27 years. 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 ESG factors into our investment decision-making (→ refer to [page 17 or the Stewardship Report 2019 on \*www.coronation.com\*](#)).
- 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 27-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

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

#### Hedge funds

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- ▶ Equity
- ▶ Fixed Interest
- ▶ Multi-Strategy

### GLOBAL EMERGING MARKETS

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- ▶ Equity Long Only
- ▶ Equity Hedge

### GLOBAL

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

### FRONTIER MARKETS

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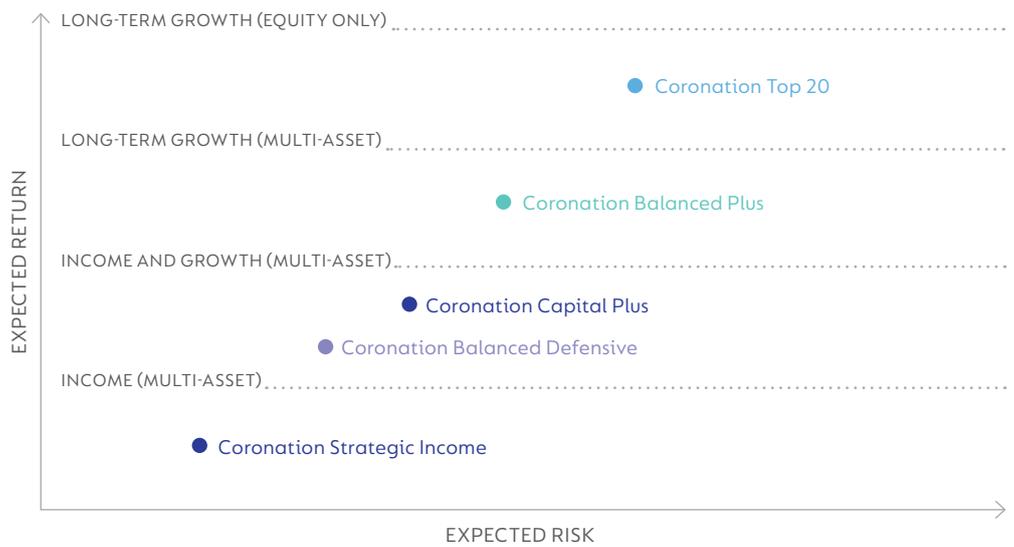
- ▶ Africa Frontiers (excluding South Africa)
- ▶ Global Frontiers

## 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.

This year, we moved our annual thought leadership conference onto a virtual platform hosting a number of local and international experts on subject-focused webinars. These have been extremely successful and, through this platform, we enhanced our contact points with both existing and potential clients (→ [refer to page 36](#)).

### Personal investments

A team of client service professionals responds 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 continual professional development requirements, we offer Coronation-specific content, available on FAIS Exchange and other third-party platforms.

## 2020 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	15.5%	2.2%
Since inception in October 1993		
Coronation Aggressive Equity	15%	2.0%
Since inception in February 2002		
Domestic Multi-Asset	Annualised return	Active/real return
Coronation Global Houseview	15.1%	9.2%
Since inception in October 1993		Real (after-inflation) return
Coronation Managed	15.0%	9.4%
Since inception in May 1996		Real (after-inflation) return
South African Specialist Fixed Income	Annualised return	Active return
Coronation Strategic Bond	8.9%	0.6%
Since inception in January 2008		
Coronation Active Bond	10.9%	0.7%
Since inception in July 2000		

\* All institutional performance returns are stated gross of fees as at 30 September 2020.

## INSTITUTIONAL PERFORMANCE – GLOBAL PORTFOLIOS

Fund	Annualised return	Active/real return
<b>Coronation Global Emerging Markets Equity Strategy</b> Since inception in July 2008 (USD)	7.3%	4.4%
<b>Coronation Africa Frontiers</b> Since inception in October 2008 (USD)	5.3%	4.4%
<b>Coronation Global Equity Fund of Funds</b> Since inception in July 2000 (USD)	6.4%	1.4%
<b>Coronation Global Managed Strategy</b> Since inception in November 2009 (USD)	7.7%	6.0% Real (after-inflation) return

## UNIT TRUST PERFORMANCE – DOMESTIC AND INTERNATIONAL FUNDS

Fund	Annualised return	Fund highlight
<b>Coronation Top 20</b> Since inception in October 2000	<b>16.2%</b> 3.6% alpha	The number 1 general equity fund in South Africa since inception.
<b>Coronation Market Plus</b> Since inception in July 2001	<b>14.3%</b> 8.6% real return	The number 1 multi-asset flexible fund in South Africa since inception.
<b>Coronation Balanced Plus</b> Since inception in April 1996	<b>13.6%</b> 7.5% real return	The number 1 balanced fund in South Africa since inception.
<b>Coronation Capital Plus</b> Since inception in July 2001	<b>11.0%</b> 5.4% real return	The number 1 multi-asset medium equity fund in South Africa since inception.
<b>Coronation Balanced Defensive</b> Since inception in February 2007	<b>8.9%</b> 3.2% real return	The number 1 multi-asset low equity fund in South Africa since inception.
<b>Coronation Strategic Income</b> Since inception in July 2001	<b>9.9%</b> 2.3% ahead of cash	The Fund remains the top-performing fund in its category since inception.
<b>Coronation Global Managed [ZAR] Feeder</b> Since inception in October 2009	<b>13.7%</b> 8.7% real return	The number 1 global multi-asset high equity fund in South Africa since inception.
<b>Coronation Optimum Growth</b> Since inception in March 1999	<b>14.8%</b> 8.9% real return	The Fund has outperformed its composite benchmark and is a top quartile performer in the Worldwide – Multi-Asset – Flexible category since inception.
<b>Coronation Global Equity Select [ZAR] Feeder</b> Since inception in January 2015	<b>10.2%</b> -3.9% alpha	The Fund has outperformed the MSCI All Country World Index by more than 10% in 2019.
<b>Coronation Global Strategic USD Income [ZAR] Feeder</b> Since inception in December 2011	<b>8.9%</b> 0.5% ahead of cash	The Fund was able to beat the US dollar cash over longer periods and since inception.

*Rand returns; performance returns are stated net of fees for the respective retail classes as at 30 September 2020. 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](http://www.coronation.com).*

## Client service

During economic lockdown we maintained our track record of service excellence. 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 will discount fees by up to 83% of the base fee (charged when performance after fees equals benchmark performance) when they fail to outperform their benchmarks over the five years preceding the valuation point.

## Stewardship

We have continued to build on our stewardship reporting, and published our second annual Stewardship Report in 2020. The report outlines our approach to responsible investing and how we integrate, engage and collaborate on ESG issues to unlock value for our clients. (→ *refer to page 17 or download the full report from [www.coronation.com](http://www.coronation.com)*).

## 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 and the restrictions of movement due to the national lockdown, we broadened our channels to include podcasts and webinars 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.

Between October 2019 and September 2020, we sent over 930 000 emails to investors and stakeholders; of these approximately 240 000 were sent in March and April as we moved to support our clients through the beginning of lockdown. These included opinion pieces by the investment team, transactional information and report backs on the fund and market environment.

## Roadshows shift to digital

The sudden onset of Covid-19 saw a swift pivot from in-person conferences and roadshows to webinar format. We have held four webinar sessions of our flagship adviser event Conversations with Coronation. Attendance was in line with our in-person national roadshow, with attendance of c. 1600 advisers per webinar. The feedback has been positive with an average rating of above 4.5 out of 5.

In January 2020, our annual thought leadership forum, Talking Investments, attracted over 950 clients. In recognition of the fact we would not be able to convene the event in January 2021 and the need to keep our clients informed and updated with global trends, we moved to transform the event into a series of 'fire-side' chat, web-based conversations, where members of our team hosted a series of global thought leaders. To 30 September 2020, we hosted three webinars with 2 657 registered attendees.

## Fees aligned with clients' interests\*



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

## Appropriate strategies, funds and accounts

We have 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 (→ *refer to page 24*).

## 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 74*).

## 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 18*). We will ensure that we maintain and improve relationships and service levels with our clients, and will continue to actively engage and communicate through the appropriate channels. Additionally, we will continue to investigate new products in line with the changing investment landscape.