










# Material matters

*These are matters that have the potential to significantly impact our ability to deliver superior long-term investment outperformance for our clients and create value for all our stakeholders, as well as the Company's financial sustainability.*

|  | Material matters and alignment to strategy   | Risk   | Opportunity   |
|--|--|--|---|
| <b>Investment performance</b><br> | <p>We are a long-term active manager. Our almost 30-year track record and single long-term, valuation-driven investment philosophy have proven our ability to deliver alpha over the long term. This is at the centre of our promise to deliver value to our clients and other stakeholders.</p> | <ul style="list-style-type: none"> <li>Unprecedented global economic and geopolitical factors impacting markets and eroding medium- and long-term returns</li> </ul>   | <ul style="list-style-type: none"> <li>Indiscriminate asset sell-offs present an opportunity to acquire undervalued assets and sow the seeds for future outperformance</li> <li>Our long-term track record and in-depth proprietary research present a compelling opportunity for potential clients</li> <li>Our ESG model allows for holistic long-term risk and opportunity integration into valuation models. This yields a better understanding of the prospects of investee companies</li> </ul> |
| <b>ESG</b><br>                  | <p>Sustainability founded on the pillars of ESG is a critical cornerstone of our investment philosophy and our corporate operations.</p>   | <ul style="list-style-type: none"> <li>Misinterpretation of our integrated ESG investment approach that is founded on engagement before exclusion</li> <li>Many ESG factors manifest in the long-term and are subjectively integrated into valuation models. There is a risk that other market participants price these risks differently, which could impact market prices</li> <li>The ESG regulatory environment is rapidly changing from voluntary to mandatory disclosures. This results in increased demands on businesses and the risk of lagging best-practice disclosure</li> </ul> | <ul style="list-style-type: none"> <li>Value creation and responsible corporate citizenship can be achieved through increased engagement and collaboration on material ESG matters with investee companies and our industry</li> </ul>  |
| <b>Talent</b><br>               | <p>Competition for talent in a skills-scarce environment has escalated, impacted by the globalisation of the workforce due to changes brought about by the pandemic.</p>   | <ul style="list-style-type: none"> <li>Achieving transformation in a scarce-skills environment</li> <li>Significant scarcity of IT and IS resources</li> <li>Emigration</li> </ul>   | <ul style="list-style-type: none"> <li>Continue to invest in employee development and wellness, with a sharp focus on young talent</li> <li>Introduction of flexibility for employees</li> </ul>  |

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|---|---|---|--|
| <b>South African environment</b><br> | <p>The SA savings pool is shrinking, impacted by low economic growth, low confidence in SA Inc. and low levels of formal employment, which has an impact on us as a large player in the market.</p>                           | <ul style="list-style-type: none"> <li>Outsized impact of shrinking savings pool as a larger player in market</li> </ul>  | <ul style="list-style-type: none"> <li>Buying opportunity for undervalued SA stocks</li> <li>To actively engage with regulators and industry peers to lobby for policy implementation to support economic growth</li> <li>Our variable expenditure model enables our business to better withstand tough economic conditions and adverse market dynamics</li> </ul> |
| <b>Client requirements</b><br>       | <p>A shift in consumer and client trends, including the request for alternative products, greater access to global markets, ESG-focused products and client engagement technology.</p>  | <ul style="list-style-type: none"> <li>Inability to meet evolving client needs</li> </ul>   | <ul style="list-style-type: none"> <li>Reconsider approach to new products</li> <li>Opportunity to further innovate client engagement</li> </ul>   |
| <b>Regulatory environment</b><br>   | <p>Significant changes in the regulatory environment, as well as the increased pace and volume of regulations.</p>  | <ul style="list-style-type: none"> <li>Non-compliance due to pace and volume of regulatory change</li> <li>Increased cost of doing business</li> </ul>  | <ul style="list-style-type: none"> <li>Greater engagement with policymakers and industry bodies</li> </ul>   |
| <b>Transformation</b><br>          | <p>Coronation continues to focus on diversity and inclusion, which has gained momentum globally. Clients, regulators, and industry bodies require a clear demonstration that we are a transformed and inclusive business.</p> | <ul style="list-style-type: none"> <li>Potential penalties due to non-compliance with SA transformation regulations include loss of license and hefty fines</li> <li>Loss of clients due to:                             <ul style="list-style-type: none"> <li>their own transformation compliance needs</li> <li>loss of credibility and relevance through failing to transform</li> </ul> </li> <li>Lack of workplace diversity resulting in being an unattractive employer for top talent.</li> </ul> | <ul style="list-style-type: none"> <li>Continue to champion inclusivity and transformation</li> <li>Introduce and maintain robust transformation programmes, internally and externally</li> </ul>  |
| <b>Systems</b><br>                 | <p>Long-term sustainability and competitiveness requires investment.</p>  | <ul style="list-style-type: none"> <li>System/s no longer meeting operational and strategic requirements</li> </ul>   | <ul style="list-style-type: none"> <li>Strategic and targeted investments in data infrastructure and security</li> </ul>   |
| <b>Cyber security</b><br>          | <p>Increased reported cyber security breaches globally necessitates the increased focus on protection of business systems/ infrastructure and client data.</p>  | <ul style="list-style-type: none"> <li>A successful cyber attack and subsequent threat to reputation</li> </ul>   | <ul style="list-style-type: none"> <li>Continuous engagement with industry experts resulting in a more robust cyber security response</li> </ul>   |