

LONG TERM OBJECTIVE

The Coronation Domestic Houseview Strategy is a clean slate fully discretionary portfolio, which represents our best investment view for a domestic balanced portfolio in all major domestic asset classes – equities, property, bonds and cash. The Strategy's objective is to deliver the best risk-adjusted returns available across all the listed asset classes. In achieving this it aims to outperform the benchmark over meaningful periods (defined as at least 5 years).

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their long-term underlying value (fair value) through extensive proprietary research. The Portfolio is constructed on a clean-slate basis based on the relative risk-adjusted upside to fair value of each underlying asset. 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 the probability of a permanent loss of capital.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	3,330.4%	1,846.6%	1,483.8%
Since Inception p.a.	14.3%	11.9%	2.4%
Latest 20 years p.a.	14.4%	12.1%	2.3%
Latest 15 years p.a.	12.2%	10.5%	1.7%
Latest 10 years p.a.	8.5%	7.3%	1.2%
Latest 5 years p.a.	12.3%	8.6%	3.7%
Latest 1 year	15.2%	11.0%	4.2%
Year to date	7.6%	5.6%	2.0%
Month	3.1%	4.1%	(1.0)%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	12.7%	12.4%
Maximum Drawdown	(29.9)%	(23.9)%

ASSET ALLOCATION

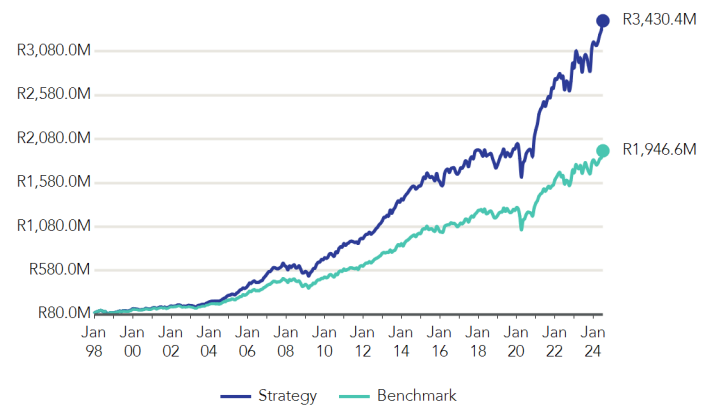
Asset Type	% Strategy
Equities	74.3%
Bonds	16.1%
Property	5.4%
Cash	2.6%
Hedge Funds	1.6%

GENERAL INFORMATION

Inception Date	01 January 1998
Strategy Size †	R14.93 billion
Strategy Status	Open
Mandate Benchmark	65% FTSE/JSE Africa Capped Shareholder Weighted Index (Capped SWIX); 25% JSE ASSA All Bond Index (ALBI) and 10% Short Term Fixed Interest 3-month Index (STeFI 3m)
Dealing Frequency	Daily
Base Currency	ZAR
Regulation 28	Yes

†Strategy assets under management as at the most recent quarter end.

GROWTH OF R100M INVESTMENT



Benchmark: 65% FTSE/JSE Africa Capped Shareholder Weighted Index (Capped SWIX); 25% JSE ASSA All Bond Index (ALBI) and 10% Short Term Fixed Interest 3-month Index (STeFI 3m)

TOP 10 HOLDINGS

Holding	% Strategy
RSA ILB 1.875% 280233	7.8%
NASPERS LIMITED	6.1%
PROSUS	5.6%
CAPITEC BANK HOLDINGS LIMITED	4.4%
CIE FINANCIERE RICHEMO-A REG	4.3%
FIRSTRAND LIMITED	4.2%
QUILTER PLC	3.7%
DIS-CHEM PHARMACIES PTY	3.1%
BID CORPORATION LIMITED	2.9%
BRITISH AMERICAN TOBACCO PLC	2.3%

EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	2.6%	3.1%
1 to 3 years	0.1%	0.1%
3 to 7 years	4.0%	4.0%
7 to 12 years	9.9%	9.9%
Over 12 years	2.1%	2.1%

MODIFIED DURATION*

Portfolio	1.0
Fixed Income Assets	5.4

PORTFOLIO MANAGERS



Karl Leinberger - BBusSc, CA (SA), CFA

Karl is Chief Investment Officer (CIO) and manager of Coronation's Houseview strategies. He joined Coronation in 2000 as an equity analyst, was made Head of Research in 2005 and became CIO in 2008. Karl has 24 years' investment experience.



Sarah-Jane Alexander - BBusSc, CFA

Sarah-Jane manages assets within the Coronation Houseview Equity Strategy. She also co-manages Coronation's Houseview balanced strategies and has research responsibilities across a range of financial services and hospital stocks, among others. Sarah-Jane joined Coronation in 2008 as an equity analyst and has 20 years' investment experience.

REGULATORY DISCLOSURE AND DISCLAIMER

The content of this document and any information provided may be of a general nature and is not based on any analysis of the investment objectives, financial situation or particular needs of any potential investor. As a result, there may be limitations as to the appropriateness of any information given. It is therefore recommended that any potential investor first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit the risk profile of the potential investor prior to acting upon such information and to consider whether any recommendation is appropriate considering the potential investor's own objectives and particular needs. Neither Coronation Fund Managers Limited nor any subsidiary of Coronation Fund Managers Limited (collectively "Coronation") is acting, purporting to act and nor is it authorised to act in any way as an adviser. Any opinions, statements or information contained herein may change and are expressed in good faith. Coronation does not undertake to advise any person if such opinions, statements or information should change or become inaccurate. This document is for information purposes only and does not constitute or form part of any offer to the public to issue or sell, or any solicitation of any offer to subscribe for or purchase an investment, nor shall it or the fact of its distribution form the basis of, or be relied upon in connection with any contract for investment. The value of the investments may go down as well as up and past performance is not necessarily a guide to future performance. Coronation Fund Managers Limited is a full member of the Association for Savings and Investment SA (ASISA). Coronation Asset Management (Pty) Ltd (FSP 548), Coronation Investment Management International (Pty) Ltd (FSP 45646) and Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893) are authorised financial services providers. Coronation Life Assurance Company Limited is a licenced insurer under the Insurance Act, No.18 of 2017.

* For SA Fixed Income investments only. Excludes equities, property and preference shares.

REVIEW FOR THE QUARTER

The Strategy marginally underperformed the benchmark for the quarter (Q2-24). The large allocation global stocks listed in SA has benefited the Strategy over the long term but detracted in Q2-24 as domestic assets (including the ZAR) rallied on the back of the South African election outcome. The Strategy has performed well over meaningful periods.

Market strength continued into Q2-24, with the MSCI All Country World Index returning 3% for the quarter (USD), bringing year-to-date (YTD) returns to 11%. Global economic growth remained reasonably resilient despite the higher-for-longer rate environment. Returns from the S&P 500 (+4% in USD for the quarter) were extremely narrow as three shares (Nvidia, Microsoft and Apple) accounted for more than 90% of the gain. On an equal-weighted basis, the US equity market was down over the past three months. While we have marginally trimmed global equity exposure to reflect higher market levels, we are still finding many attractive individual investment opportunities given the narrow return environment.

Geopolitical tensions persist, with the ongoing conflict in the Middle East and Ukraine-Russia. The uncertainty is compounded by half the world having gone or still going to the polls this year. Democracy prevailed, as peaceful elections passed in emerging markets, including India, Mexico, Indonesia, and South Africa during Q2-24 and France and the UK in early Q3-24. All eyes are on the US election in Q4-24, with the odds of a Republican victory increasing. A Trump presidency could have major ramifications for decarbonisation, the fiscal outlook (more tax cuts) and global geopolitics. Traditional safe havens like gold have remained strong in the face of this uncertainty.

It was an eventful second quarter for SA with the election outcome driving a rally in domestic assets. The country's governing party, the ANC, lost its outright majority but the spirit of democracy prevailed as the ANC oversaw a peaceful transition to a centrist coalition government (whilst retaining the presidency). This coalition government has broad representation from across the political spectrum and some encouraging new appointments. A coalition government brings the prospect of better accountability but also risks policy paralysis as decision-making is more onerous. We think the outcome is marginally positive, albeit the challenges of decades of underinvestment in infrastructure, failing municipal service delivery, poor educational outcomes, a fiscally constrained government, and restrictive policy remain. Whilst there is upside risk from better management, a return of confidence and lower loadshedding, our base case remains a low-growth environment with ongoing infrastructure challenges. At the time of writing, the country has been free of loadshedding for more than 100 days. Given material underinvestment over many decades, we expect intermittent loadshedding to remain a part of life in SA but below the crisis levels of 2023.

The FTSE/JSE All Bond Index returned 7% for the quarter (6% for the YTD) as investor sentiment was bolstered by a market-friendly coalition. However, unless a step change in SA's economic growth can be delivered, the longer-term outlook remains challenged with sluggish growth in government revenues and expenditure that is hard to contain given the socioeconomic realities in SA. Given these headwinds, the Strategy is underweight government bonds. The currency strengthened 3% against the USD during the quarter and is now broadly flat YTD.

The FTSE/JSE Capped Shareholder Weighted Index returned 8% for the quarter bringing YTD returns to 6% (given the negative first quarter). The Strategy's preferred domestic asset remains SA equities. Holdings include global stocks listed on the JSE and selected resources and domestic stocks. Domestic stocks continue to offer good opportunities for stock picking as the gap between winning and losing businesses has widened in the tough economic environment. We retain a strong preference for the winners who can flourish even in a low growth environment by gaining market share.

The Financials Index (with its predominantly domestic exposure) drove Q2-24 market returns with a buoyant 18% return. Trading updates from the banks continued to indicate a weak economic environment with elevated credit losses. We were pleased with good earnings delivery from the Strategy's core holdings in winning banks FirstRand and Capitec. Banks are leveraged to economic outcomes and any uptick in growth would both reduce credit losses from high current levels and support advances growth.

The Industrials Index rose 5% for the quarter (+6% for the YTD). The Strategy's core holdings include many of the global stocks listed in SA (Naspers, Richemont, Aspen, Bidcorp, British American Tobacco, and Anheuser-Busch InBev) for whom the rand strength was a headwind. Whilst larger holdings such as Richemont and Bidcorp detracted during the quarter, we believe both operate in growing markets with strong franchises that will take market share over time. Bidcorp is a food services business offering a one-stop supply solution for restaurants, food and hotel chains across 35 countries on five continents. The business benefits from scale and continues to grow organically by capturing the secular shift to out-of-home consumption as well as by consolidating a fragmented industry. We believe the current valuation does not adequately capture the long-term strong growth that Bidcorp is able to deliver. Key domestic holdings include Dis-Chem, ADvTECH and WeBuyCars (WBC); all of whom are expected to continue gaining market share. During the quarter, WBC was unbundled from Transaction Capital (TCP) and listed directly on the JSE. We believe this is a fantastic business that was being undervalued in the TCP structure. Coronation was able to increase the Strategy's direct exposure by coming in as an early shareholder of reference. WBC is a strong, growing business with a long-term market share opportunity. Customers value its convenient service, fair prices, range of products, and trusted brand. We expect WBC to continue taking market share from independent dealerships.

The resource sector returned 4% for the quarter (+2% for the YTD) boosted by a take-out offer for Anglo American. Miners face increasing difficulty in bringing on new supply in an environment with increased regulatory scrutiny, community engagement requirements and ESG pressures. In addition, ore bodies are more complex, more remote, and deeper. This strengthens the position of owners of existing tier-one assets whilst supporting management decisions to buy assets rather than build. Considering this, BHP Billiton announced a takeover bid for Anglo American, hoping to secure their enviable portfolio of copper assets. The Strategy benefited from its overweight holding in Anglo American, which it reduced during the bid process. With the bid gone (for now), the focus has shifted to Anglo American's own value creation plan: to exit less desirable commodities and refocus its portfolio on copper. This comes with high execution risk. The Strategy holds an underweight position in the sector, given reasonably full valuations. The Strategy's underweight position in gold shares contributed this quarter on the back of a more stable gold price and Gold Fields' production disappointment. It remains a detractor over the year, given the spike in the gold price. We do not believe current gold equity valuations offer sufficient margin of safety to increase our holding.

SA equities are our favoured domestic asset class. A positive election outcome should improve sentiment and may support further appreciation in domestic asset classes. However, given the structural and economic challenges that continue to plague SA, we believe the large allocation global stocks listed in SA remains optimal for delivering long-term risk-adjusted returns.