CORONATION

AFRICA FRONTIERS STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 JUNE 2024

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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.	137.5%	74.2%	22.5%	115.0%
Since Inception p.a.	5.6%	3.6%	1.3%	4.3%
Latest 15 years p.a.	4.9%	2.9%	1.3%	3.6%
Latest 10 years p.a.	(1.0)%	(2.4)%	1.8%	(2.8)%
Latest 5 years p.a.	1.4%	0.0%	2.3%	(0.9)%
Latest 1 year	(1.9)%	(3.4)%	5.5%	(7.4)%
Year to date	12.8%	11.9%	2.7%	10.1%
Month	0.9%	0.8%	0.4%	0.5%

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

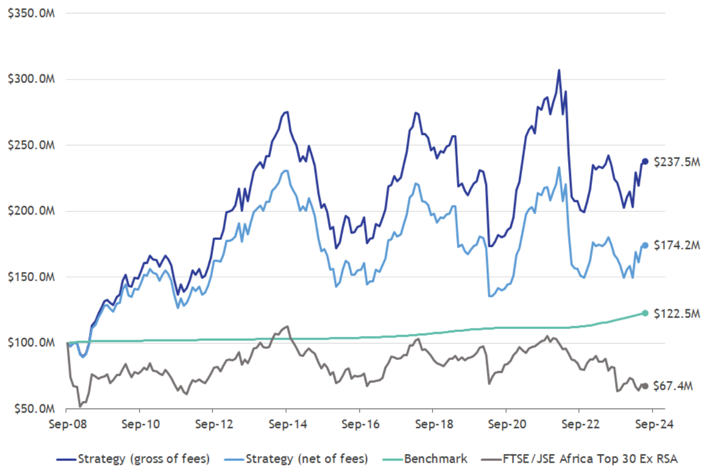
Sector	% Strategy
Consumer Goods	24.8%
Financials	17.7%
Telecommunications	15.1%
Basic Materials	12.9%
Industrials	10.0%
Oil & Gas	7.3%
Utilities	4.9%
Health Care	3.5%
Consumer Services	1.7%
Interest Bearing	2.1%

GENERAL INFORMATION

Inception Date	01 October 2008
Strategy Size *	$249.2 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	25.5%
Zimbabwe	17.4%
Nigeria	16.0%
Kenya	12.2%
Morocco	7.2%
Uganda	4.9%
Ghana	2.8%
Botswana	2.7%
Tanzania	2.6%
Burkina Faso	1.9%
Canada	1.5%
Senegal	1.4%
Mauritius	0.9%
South Africa	0.9%
Cash	2.1%

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PORTFOLIO MANAGERS

Peter Leger - BScEng, BCom (Hons), CFA

Peter is head of Global Frontier Markets and manager across all strategies within the investment unit. He joined Coronation in 2005 and has 25 years' experience in African financial markets as both a portfolio manager and research analyst.

Gregory Longe - BBusSc, CA (SA), CFA

Greg co-manages the Africa Frontiers Strategy and has ten years' investment experience across Frontier markets. He joined the Global Frontiers investment unit in 2013 as an investment analyst.

FUND MANAGERS

Please contact Coronation for further information

Sean Morris

Lead Client Service Fund Manager
tel: +27 21 680 2021
email: smorris@coronation.com

Gus Robertson

International Client Service Fund Manager
tel: +27 21 680 2443
email: grobertson@coronation.com

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The Prospectus and a Summary of Investor Rights can be sourced on the following link: https://www.coronation.com/en/institutional/strategy-information/literature/.

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The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities, and is considered a benchmark for short-term interest rates. 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

Following a great first quarter, the Strategy had another strong three months to end June. Over this period, the Strategy returned 3.6% in US dollars compared to the FTSE/JSE All Africa (ex-South Africa) 30 Index (JA30) return of 0.8%. Since the start of 2024, the Strategy has now outperformed the JA30 index by 15.6% year to date (+12.8% for the Strategy vs -2.8% for the JA30 index). Since inception more than a decade ago, the Strategy has returned 5.6% p.a., while the index return over this period was negative: -2.5% p.a. While the absolute return is more modest than what we would like, we are happy with the outcome given the available opportunity set.

During the quarter the markets in Morocco (+3.5%) and Egypt (+1.6%) were positive, while Kenya (-1.4%) and Nigeria (-10.4%) declined. In Nigeria, the currency depreciated by around 6% in the quarter, as the central bank continued to allow the naira to depreciate to find a level that is more reflective of market fundamentals - this was the main reason for the negative return in Nigeria over the quarter.

In our March commentary we wrote about the major developments taking place in Egypt and Nigeria. In Q1-24 both countries allowed their currencies to depreciate substantially and raised their interest rates. This allowed them to clear the vast majority of their foreign currency backlogs and for the currencies to start trading normally, with businesses seeing a significant improvement in their ability to source hard currency. In the past, we have written extensively about the fact that we used realisable values to value the Egyptian and Nigerian assets in the portfolio by using the much weaker exchange rates implied by dual-listed shares. During the past quarter, the parallel market rates and the exchange rates implied by dual-listed shares converged with the official rates. Importantly for the Strategy, we had no issues transacting freely in these markets. This allowed us to remove the special valuation methodologies applied for Egypt and Nigeria and we now carry these assets at the spot rates in the portfolio.

Both Egypt and Nigeria have been willing to make hard decisions. A big difference, though, is that while Nigeria's actions were big and bold, their strategy has not been particularly well coordinated. Fuel subsidies have emerged again, and while there has been some improvement in oil production as they started to address oil theft, we are yet to see a big step up in investment in the oil sector. Egypt, on the other hand, lined up large deals and funding lines from the region and the IMF, which gave them firepower and boosted investor confidence. New strategic investors are lining up to buy Egyptian assets, with several stake sales by the government concluded or in the process of being concluded. We have also seen offers to minority shareholders of listed companies (discussed further below). On the other hand, there has been less appetite for Nigeria. In fact, existing shareholders of businesses in Nigeria are being asked to put more money into the country. Nigerian banks are being forced to raise capital, in total over US$3bn, to meet the new regulatory requirements. Several consumer-facing businesses have also announced their intentions to do rights issues. Valuations in Nigeria are extremely compelling, but our exposure to the country's assets remains very selective and concentrated on a few high-conviction ideas.

Following the large currency moves, the valuations of many high-quality Egyptian businesses are now very low in US dollar terms. This has attracted the interest of strategic investors. During the past quarter, two of the Egyptian companies we own in the portfolio received offers from entities in the GCC to buy out minority shareholders and take the businesses private. One of these is Elsewedy Electric, an energy infrastructure business that provides electrical cables, meters, and transformers as well as turnkey construction and engineering solutions focused on the power sector. The offer to minority shareholders came at a significant premium and the share price increased approximately 50% in US dollars during the quarter.

Another offer was to the minority shareholders of CIRA Education, the largest private education business in Egypt that owns 25 schools and is in the process of building its third university. The offer to CIRA's minorities was rather more opportunistic, with a smaller premium, and accordingly the share price only rose around 8% in US dollars during the quarter.

In Nigeria there was some positive news in relation to Seplat's plans to buy ExxonMobil's Nigerian assets. This acquisition has been delayed for years as the Nigerian National Petroleum Corporation (NNPC) disputed the transaction. During May the NNPC announced that they will drop their case, paving the way for the Seplat transaction to be concluded. On the back of this news the Seplat share price increased by more than 40% during the quarter.

Contributors and detractors

The largest contributor to performance this quarter was Umeme which rose 20% in USD and added +1.0% to the Strategy's performance. The other large contributors were Elsewedy and Seplat (discussed above) which added +0.6% and +0.9% to performance, respectively.

The largest detractor this quarter was Fawry. After performing well in the previous quarter, the Fawry share price declined 10% in USD over the past three months and detracted -0.5% from performance.

Country visits

In May, we travelled to Egypt and Morocco. In Egypt, we were struck by the extent of fixed capital investment that has gone into infrastructure with huge highways, hundreds of new apartment blocks, and a whole new administrative capital city being built. This has come at a cost with Egypt's debt pile growing (gross debt to GDP now nearing 100%, from around 80% a decade ago) and pressurising the country's foreign currency reserves. However, with all this new infrastructure in place, the country looks very well positioned for an extended period of economic growth ahead. Our meetings in Egypt highlighted again how incredibly attractive the valuations of these businesses are. Most of the Egyptian businesses we own in the portfolio trade on single-digit PE multiples, and our timely visit has given us renewed confidence in the growth outlook for these companies.

In Morocco, many of the larger corporate businesses do not offer much growth while their shares trade on relatively high multiples. However, there are several other businesses in the country which are growing rapidly - these are often smaller companies which are hungry for success and aggressively pursuing the growth opportunities ahead of them. While their near-term multiples are optically high, the valuations are still attractive to us based on our assessment of the long-term earnings power of these businesses.

Conclusion

The Strategy is in the best position it has been in years. All our large markets are functioning normally, and major steps have been taken in Egypt and Nigeria that materially improve the long-term outlook. However, these are very early days, and both countries still need to prove that the currency issues of the past have been addressed in full. It will take time for companies to pass on the entirety of their currency moves into the prices of their products, which means margins are likely to see some pressure in the near term. While there will be near-term pain, the long-term outlook has improved dramatically. In Egypt, businesses are already enjoying the benefits of a better operating environment, and many businesses trade on very attractive valuations that we expect should grow strongly. In Nigeria, the near-term outlook is challenging, but this is an environment where the strong should get stronger. Once the anticipated rights issues have been completed, the Nigerian banks will be very well capitalised and corporates will be positioned with strong balance sheets. Owning high-quality businesses that are well-capitalised and that trade on very low valuations should offer attractive returns to patient investors who are willing to take a longer-term view.