AFRICA FRONTIERS STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 30 SEPTEMBER 2024

CORONATION TRUST IS EARNED™

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.	156.1%	87.1%	24.2%	131.9%
Since Inception p.a.	6.1%	4.0%	1.4%	4.7%
Latest 15 years p.a.	4.5%	2.6%	1.4%	3.1%
Latest 10 years p.a.	(0.7)%	(2.1)%	1.9%	(2.6)%
Latest 5 years p.a.	3.3%	1.8%	2.4%	0.9%
Latest 1 year	15.7%	14.0%	5.6%	10.1%
Year to date	21.6%	20.2%	4.1%	17.5%
Month	0.6%	0.4%	0.4%	0.2%

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

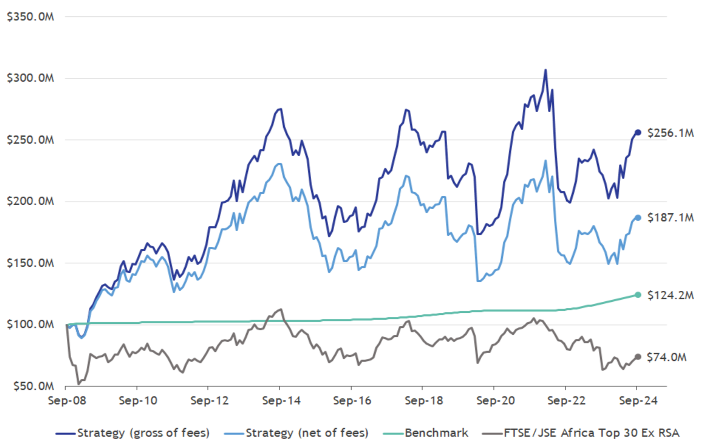
Sector	% Strategy
Consumer Goods	25.3%
Financials	18.1%
Telecommunications	17.9%
Basic Materials	13.0%
Industrials	9.8%
Oil & Gas	5.3%
Utilities	3.6%
Health Care	3.4%
Interest Bearing	2.1%
Consumer Services	1.5%

GENERAL INFORMATION

Inception Date	01 October 2008
Strategy Size *	$288.6 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	30.1%
Zimbabwe	14.3%
Nigeria	12.1%
Kenya	11.8%
Morocco	9.1%
Uganda	3.6%
Botswana	3.4%
Canada	3.1%
Ghana	2.9%
Cash	2.1%
Senegal	2.0%
Tanzania	2.0%
Burkina Faso	1.9%
Mauritius	1.4%
South Africa	0.2%

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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

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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

The past quarter was another strong one for the Strategy, returning +7.8% in US dollars. Year to date, the Strategy has returned +21.6%. This is well ahead of the FTSE/JSE All Africa (ex-South Africa) 30 Index (JA30), which was up +6.7% and the MSCI Emerging Frontier Markets Africa (ex South Africa) Index (MSCI-EFMexSA), which is +0.8% in 2024. Since inception more than 15 years ago, the Strategy has returned +6.1% p.a. while the index return over this period was negative: -1.9% p.a. for the JA30 Index and -1.7% p.a. for MSCI-EFMexSA. While the since inception absolute return is more modest than what we would like, we are pleased with the outcome relative to the available opportunity set.

During the quarter, the markets in Mauritius (+17.3%), Egypt (+13.2%), and Morocco (+10.8%) were very strong, while Kenya (-2.0%) and Nigeria (-10.6%) were weak. In Nigeria, widespread capital raises in the banking sector sucked liquidity out of the market. The naira was also weak, depreciating a further 8% this quarter. This followed the 6% move lower in Q2. The Central Bank continues to allow the currency to depreciate and find a level that is more reflective of market fundamentals. This is far better than the alternative of a fixed currency but one that is not transactable or liquid.

During the quarter, the Nigerian National Petroleum Company (NNPC) and Africa's richest man, Aliko Dangote, agreed on a crude-for-refined oil swap deal. This means that the Dangote Refinery receives 12 cargos of crude oil per month (from 1 October) from the NNPC and supplies the equivalent refined product to the NNPC. Twelve cargos are about 385k barrels of oil equivalent per day (boepd) or over half the refinery's 650k boepd capacity. This is estimated to be sufficient to meet Nigeria's demand for petrol or premium motor spirit (PMS). This self-sufficiency will eliminate the need to import refined PMS, echoing the Dangote Group's success in replacing imports in the cement industry with local production over the past decade. While import substitution is positive for the country, the far bigger benefit is indirect. With the refinery up and running, the Nigerian government has deregulated the PMS industry, removing the fuel subsidy. Until recently, PMS was sold well below cost. Estimates put government's cost at N1 000/litre compared to N630/litre selling prices. In 2022, the cost of the fuel subsidy was $10bn[1]. From October, prices have now adjusted in line with the refinery cost plus normal trade markups. As things stand, this should see the subsidy disappear saving the federal government billions.

Contributors and detractors

The largest contributor to performance this quarter was Eastern Company which increased approximately 42% in USD and added +2.9% to the performance of the Strategy. The other large contributors were Sechaba Brewery and Fawry, which added +1.2% and +1.0% to performance, respectively.

Africa Oil was the largest detractor this quarter (-0.5% impact). The lower oil price, lack of incremental news flow out of Namibia and uncertainty around the timing of their Nigeria deal closing weighed on the share price. Safaricom (-0.4%) was the next largest detractor.

Egypt and Morocco were the two largest contributors at a country level, adding +4.5% and +1.6%, respectively, to Strategy performance. During the quarter, the Zimbabwean stocks added +0.6% in total to the performance of the Strategy, but there was a lot of volatility during the quarter, which is worth touching on. The parallel market rate moved substantially and, eventually, at the end of September the official exchange rate was allowed to devalue, losing approximately 45% of its value. This was offset by strong local currency share price performances which meant that Zimbabwean stocks were broadly flat in USD terms during the quarter despite being up significantly within the period. While foreign exchange liquidity remains challenging, the companies we own continue to declare USD dividends. There have been several instances over the past three months where we realised hard currency from our Zimbabwean holdings. We still apply a haircut when valuing the Zimbabwean assets in the Strategy, and whenever these USD proceeds are received, it results in an uplift in the NAV of the Strategy.

Country visits

In July, we travelled to the copper belt in the Democratic Republic of Congo (DRC) to participate in Ivanhoe's site visit to their Kipushi and Kamoa-Kakula mines and surrounding community projects. Kamoa-Kakula is the crown jewel in the Ivanhoe Strategy. The world-class, mechanised, underground copper mine is the third largest globally and has the second highest grade (5%). It is a tier 1 resource and an exceptional asset. Cash costs are in the first quartile and the mine has a long life of 40 years. While the mine itself is superb, its location in the heart of the continent has meant getting the copper to global markets has been a challenge. This is beginning to improve, with help coming from both the east and west.

1. https://www.ft.com/content/fd2dc49c-0817-47cc-bc74-06822c50859e

China and the US are aggressively vying for influence in the DRC, particularly in securing rights to commodities vital for the green energy transition. China has declared a comprehensive strategic cooperative partnership with the DRC, symbolising a deepening of ties with a focus on infrastructure. This includes a commitment of up to $7 billion for infrastructure projects over the next two decades. Meanwhile, the US has made a significant investment in the Lobito Corridor project, a major upgrade of the transportation route that connects the Port of Lobito in Angola with the landlocked and mineral-rich regions of the DRC and Zambia. A commitment of over $1.6 billion in public and private sector financing, including public private partnerships, has already been made towards this project.

The Lobito Corridor project, in particular, has the potential to meaningfully lower carbon emissions at Kamoa-Kakula. When coupled with the soon-to-be commissioned smelter, scope 1, 2 and 3 emissions are expected to fall by around 50%. This is thanks to the move from copper concentrate (50% copper) to copper anode (99% copper), resulting in lower volumes requiring transport, and the Lobito Corridor's shorter transit times and the fact that transport is via train rather than truck. This will see carbon emissions fall to some of the lowest in the industry for major copper mines.

Conclusion

Despite the strong performance this year, valuations for the major holdings remain very attractive. The Strategy remains in the best position it has been in years. All our large markets are functioning normally after large currency resets. Attractive valuations and functioning markets have resulted in an increase in investor interest. We have seen flows into the Strategy and are fielding more calls for updates, report backs, and to participate in new mandates. The asset class still has a long way to go after a very tough few years, but the outlook has certainly turned more positive.