



DELIVERING LONG-TERM INVESTMENT OUTPERFORMANCE

Deliverable: ▶ To deliver superior long-term investment outperformance for the benefit of all stakeholders

How we do it

- ▶ Coronation is an investment-led business and remains unwaveringly focused on delivering superior investment outperformance over the long term
- ▶ Our fully integrated global investment team gives us a competitive advantage in managing our domestic and offshore allocations. We are one of a small number of firms in the country with a mature global capability with a track record of more than 15 years
- ▶ Our investment team is incredibly stable, with no turnover during this financial year and an average tenure of 12 years, which extends to 17 years for senior members
- ▶ As an active owner, we aim to influence for positive change through meaningful engagement on important ESG issues. This approach aligns fully with our long-term investment philosophy
- ▶ Our approach extends across all asset classes, including equities and fixed income, and across all geographies in which we invest
- ▶ Our Sustainability Committee and Stewardship and Sustainability Policy guide and enhance ESG integration

Outcomes

- ▶ Our long-term investment track record remains exemplary: 92% of our suite of portfolios and 97% of our SA portfolios have outperformed their benchmarks since inception¹
- ▶ The ability to manage offshore risks and opportunities holistically at portfolio level has given us a competitive advantage and delivered alpha to our multi-asset class clients
- ▶ Consistent application of our long-term investment philosophy by a diverse team of experienced, long-term professionals ensures portfolios align with our well-understood and proven approach our clients' trust
- ▶ We earned 4 and 5 star ratings across relevant categories in our 2024 PRI Assessment – significantly above the median

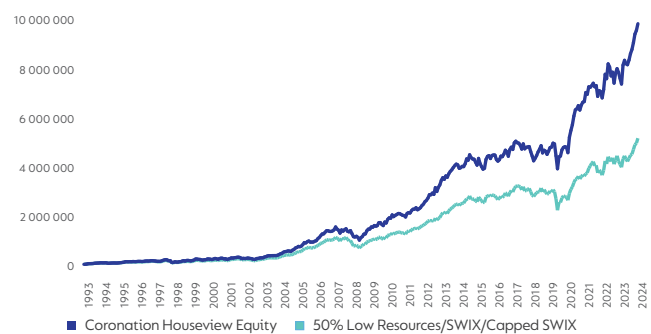
Raging Bull Award: Global Capital Plus Fund



PRI Assessment



HOUSEVIEW EQUITY OUTPERFORMANCE



¹ On an asset-weighted basis; since inception figure for strategies with a 10-year+ track record



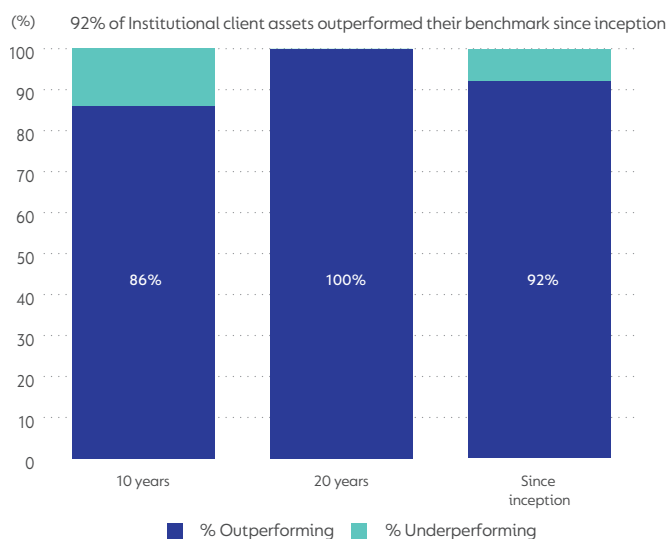
We are an established investment-led business that has delivered world-class investment outperformance for the benefit of our clients and stakeholders for over three decades. When we reflect on how and why we invest, the answer is always: to help people meet their financial goals and retire more comfortably by growing the value of their hard-earned savings over time. We are constantly aware that our ability to deliver alpha materially impacts the quality of our clients' futures.

Global markets delivered solid returns in 2024 as financial markets absorbed many concerning geopolitical tensions while also responding positively to encouraging developments in inflation, economic growth and interest rate outlooks. In South Africa, asset returns have been robust, fuelled by growing optimism that the new Government of National Unity will deliver much-needed reforms and unlock economic growth.

Coronation's portfolios performed well amid the market volatility, with clients benefitting from the value generated by our active asset allocation and rigorous research approach. For the year under review, 92%¹ of our funds across the business have outperformed their benchmarks since inception. Long-term outperformance in our South African portfolios, in particular, continues to be outstanding at 97%,¹ with many ranking exceptionally high in industry surveys.

Our globally integrated approach to managing offshore allocations in our Regulation 28-compliant funds has been material to our ability to unlock value for our clients. Our global portfolios have recently delivered promising performance. We are encouraged by the renewed interest in our Africa Frontiers Strategy after a decade of muted investor enthusiasm for this asset class.

COMPELLING LONG-TERM PERFORMANCE ACROSS OUR STRATEGIES¹



¹ On an asset-weighted basis; since inception figure for institutional strategies with a 10-year+ track record

For comprehensive information on our complete fund range, please visit our website:

- Our unit trust fund fact sheets and commentaries are available on our → [Personal Investments website](#)
- Our institutional strategy fact sheets and commentaries are available on our → [Corporate Institutional Business website](#)



HOW WE ACTIVELY DELIVER OUTPERFORMANCE

We are an independent, long-term, active manager guided by a single long-term, valuation-driven investment philosophy that has yielded long-term outperformance for our clients since our inception in 1993. This is underpinned by deep, proprietary research that involves extensive first-hand scrutiny of potential holdings. This encompasses country visits, meetings with boards, management teams, competitors, industry experts and other sources of information.

We manage risk in multiple ways, including requiring higher margins of safety for our valuations, calibrating the size of exposures, diversifying, monitoring various macro drivers, and ensuring that risk is rigorously managed at a portfolio level. Consistent with our long-term investment horizon, we integrate ESG factors into our investment analysis and decision-making process.

Our proactive investment in our global investment capabilities over 15 years ago has built an established, fully integrated global investment team with expertise that spans all the major asset classes, sectors and geographies. It has also excellently positioned our clients' portfolios to seamlessly adapt and excel as markets and regulations have evolved.

How our globally integrated approach to asset allocation adds value

Active asset allocation is a critical, high-impact activity and is the single most important investment decision we make in our portfolios. This is because, even if a portfolio's constituent asset classes deliver alpha in themselves, it will underperform if the key asset allocation views are wrong.

The same is true for decisions regarding offshore exposure, which increased in significance when Regulation 28 of the Pension Funds Act extended the offshore allowance for retirement from 30% to 45%. This was a move that was positive for our clients and catalysed profound change in:

- ▶ **Our industry structure:** It increased the globalisation of portfolios, resulting in a deeper integration of the South African investment industry with global markets. Retirement funds now benefit from broader diversification through exposure to a wider universe of sectors and assets and reduced exposure to South Africa-specific risks. It also caused significant fund flows to international markets and competitors, among other factors.
- ▶ **Managing multi-asset class portfolios:** Many multi-asset class funds in the industry have traditionally been managed with siloed strategies, with domestic and international assets managed independently, often by different portfolio managers. At lower offshore allocations, the risk of unintended outcomes was low.

Now that offshore exposure can amount to almost half the overall portfolio, offshore building blocks can no longer simply be bolted onto a domestic portfolio. Rather, there is an increased need for active asset allocation to manage risks and maximise opportunities holistically at a single portfolio level. This is because, for a portfolio to be cohesive and robust, it requires a granular understanding of every security in the portfolio. Thus, portfolio construction needs to happen in an iterative manner, in which every security's weighting is impacted by the other holdings in the portfolio, with careful consideration of its impact on the positioning of the overall portfolio. This entails a wholesale change in the way in which these funds are managed.

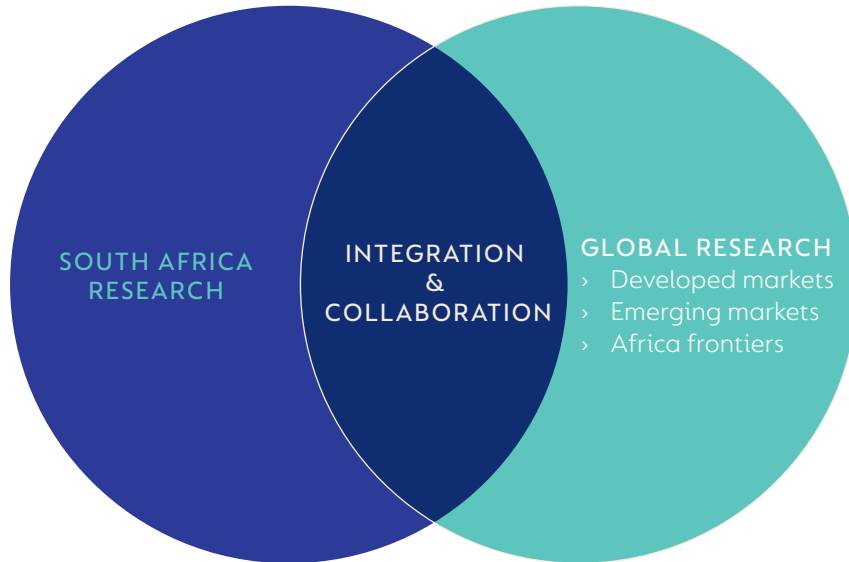
Coronation was one of the few local firms that were positioned to seamlessly respond to these shifts, and our portfolios were immediately able to benefit from:

- ▶ Our established global investment capability enabled us to adapt quickly to the increased allowance and take full advantage of the opportunity it provided
- ▶ The implementation of our fully integrated portfolio process that leverages both our global asset class capabilities and our tried and tested active asset allocation skills



The net effect is that over the last two years, our enhanced active asset allocation abilities have contributed meaningfully to the performance of our multi-asset class funds. We believe this advantage will be more in demand in what is likely to remain a volatile and demanding market environment.

Our fully integrated global capability covers equities, bonds, property, hedge funds and cash across developed and emerging markets



A highly skilled and stable investment team

A stable, top-tier team of well-rounded professionals thrives in a culture that encourages and rewards robust debates and contrarian views. This makes us less prone to errors that may result from groupthink, biases and faulty assumptions.

Diversity strengthens our process

For us, transformation has never been driven by regulatory requirements, and we have always embraced diversity as a powerful component of our ability to drive value for our clients. Our investment team demonstrates strong transformation, with R278 billion representing 42% of our total AUM managed by experienced black investment professionals.

Looking to the future, we invest heavily in developing young black and female investment talent to ensure a pipeline of skilled investment professionals. → *refer to Talent Management for insight into our active skills development initiatives.*



Of our investment team



OF SENIOR PORTFOLIO MANAGERS ARE BLACK



OF OUR TEAM LEADERS ARE BLACK



OF OUR ANALYSTS ARE BLACK



OF THE TEAM ARE WOMEN

Note: Figures refer to our South Africa-based team

WE ARE ACTIVE STEWARDS OF THE ASSETS WE MANAGE

We have been fulfilling our fiduciary duty to act as responsible stewards of our clients' capital for 30 years. What follows is an extract from our [2023 Stewardship Report](#) (please note that we report our investment stewardship activities on a calendar year basis, and our 2024 Stewardship Report will be published in the first half of next year).

Investing in a responsible and sustainable manner is embedded in our DNA. Coronation's stewardship philosophy is rooted in our unwavering focus on delivering superior long-term outcomes for our clients. We understand that our ability to create meaningful long-term value for our clients is intrinsically tied to the sustainability of the companies in which we invest.

- ▶ Companies that are managed on a sustainable basis are more likely to create value over the long term. Our analysis of the ability of each investment to create, sustain and protect value is, therefore, a cornerstone of our long-term, valuation-driven investment philosophy.
- ▶ As responsible stewards of the capital entrusted to us, we are cognisant of the broader impact of our investment activities. Our analysis of environmental, social, and governance (ESG) factors also accounts for the external costs of business activities on society and the environment, addressing the risk that these costs may be internalised in the future.
- ▶ We believe that as an active, fundamental manager, our in-depth research and Company-specific insights can significantly contribute to driving progress through a holistic understanding of each company and its context.
- ▶ Rather than adopting a one-size-fits-all model or a box-ticking approach, we evaluate the ESG risks and opportunities facing each investment and how the entity responds to these challenges. Achieving real change while avoiding unintended consequences is only possible through rigorous, Company-specific research – a hallmark of our approach over more than three decades.



Our approach to ESG in our portfolios

Our stewardship activities are underpinned by four pillars: integration, engagement, collaboration, and public policy advocacy. These activities allow us to gain a holistic understanding of the underlying issues facing each company and how companies are responding to these issues and enable us to advocate for change in a proactive and responsible manner.

OUR FOUR PILLAR APPROACH TO ACTIVE OWNERSHIP

INTEGRATION We integrate material ESG-related risks and opportunities into our investment decision-making process in order to account for these factors in assessing the long-term value of each of the companies in which we invest.	ENGAGEMENT We engage with investee companies through informed dialogue about the environmental and social impact of their operations, as well as the appropriate governance structures needed to drive long-term business success. Our engagements also explore the effects of external factors on these companies. We advocate for appropriate improvements to mitigate these impacts.	COLLABORATION We collaborate with like-minded organisations where we believe that a combined effort will be more effective than individual engagements, including as a means of escalating previously unsuccessful engagement efforts.	PUBLIC POLICY ADVOCACY We collaborate with industry partners and regulators to promote an investment industry that safeguards the long-term interests of asset owners and benefits the societies in which we operate.
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2023 ENGAGEMENT RECORD

TOTAL SUSTAINABILITY ENGAGEMENTS IN 2023

>1 500
ENGAGEMENTS

>470
COMPANIES

MULTI-YEAR ENGAGEMENTS

28
NUMBER OF COMPANIES ENGAGED IN EACH OF THE PAST FIVE YEARS

22%
OF ESG ENGAGEMENTS WERE WITH THE CEO OR CHAIR

Values may not sum to 100% due to rounding

SPECIFIC ESG ENGAGEMENTS IN 2023

Year	Number of engagements	Number of companies
2022	245	144
2023	337	231

THEMATIC VS COMPANY-SPECIFIC ENGAGEMENTS

Category	Percentage
Thematic	8%
Company-specific	92%

OUTCOME OF ENGAGEMENTS WITH CHANGE OBJECTIVES

Outcome	Percentage
Negative	17%
Ongoing	65%
Positive	19%

24% of our engagements had change objectives

ESG ENGAGEMENTS BY CATEGORY

Category	Percentage
Environmental	14%
Social	15%
Governance	71%

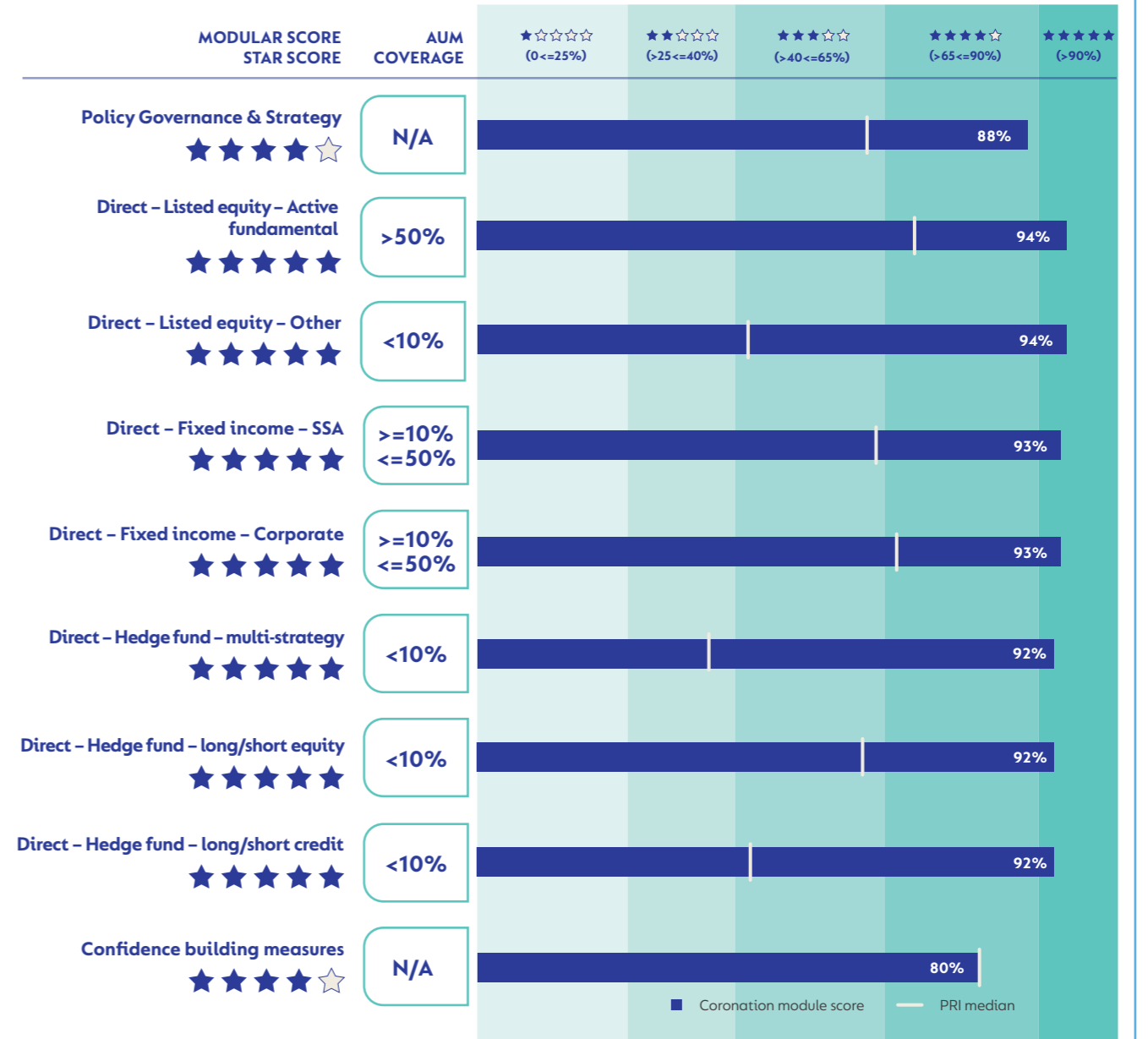
NUMBER OF INTERACTIONS WITH A COMPANY

Interactions	Percentage
> Three	3%
Two or three	22%
One	75%

CORONATION'S LATEST PRI ASSESSMENT RESULTS

In 2024, we once again took part in the Principles for Responsible Investment's annual reporting and assessment review. This requires signatories to report on their responsible investment activities and how they integrate ESG considerations into their investment process. This serves as a crucial benchmark for evaluating our progress against global best practices and identifying areas for improvement. We received 4 and 5 stars across all categories that we participated in, well above the median in all areas.

Summary scorecard



For more insight into our active ownership activities and the considerable ESG research we undertake, refer to:

- Our → [2023 Stewardship Report](#), which discloses our stewardship activities and data for the 2023 calendar year (noting the 2024 Stewardship Report will be published in the first half of 2025)
- → [Our Stewardship Approach](#), which outlines our ESG integration methodology and stance on key ESG themes



Disclosure of climate data

Robust, comparable and reliable climate-related disclosure is a prerequisite for fundamental Company analysis and the integration of transition, physical and liability risks into our investment process. Therefore, the lack of consistency in Company-reported sustainability data remains an ongoing challenge.

In response, Coronation has adopted the reporting framework recommended by the now-concluded Task Force on Climate-Related Financial Disclosures (TCFD). This conclusion notwithstanding, this framework provides relevant reporting guidance, and the International Sustainability Standards Board, which has now assumed oversight of climate reporting, has based its second International Financial Reporting Standard (IFRS S2) on the TCFD's framework.

We will continue to monitor their recommended updates to climate-related disclosures as they pertain to South Africa.

OUR SUMMARISED INVESTMENT-RELATED CLIMATE ACTIONS AND DISCLOSURES

Theme	Key information	Further information
Governance	<ul style="list-style-type: none"> ▶ The Board of Directors (Board) has an oversight role over the management of climate-related risks within the investment process. In fulfilling its governance role, the Board ensures that appropriate policies are in place and that robust processes have been established to effectively achieve those policies' objectives ▶ The Executive Committee and the CIO are responsible for ensuring that climate-related issues are appropriately incorporated into the investment process ▶ The Sustainability Committee monitors the implementation of our stewardship responsibilities within the investment process 	Stewardship and Sustainable Investing Policy → download
Strategy	<ul style="list-style-type: none"> ▶ Climate risk is systemic and pervasive. It can impact our investee companies in different ways across our investment universe. Both physical and transition risks may affect our investee companies over differing timeframes ▶ In order to ensure that we have adequately identified and priced in climate risk, material climate change risks and opportunities are integrated into the valuation and investment decision-making process for every security in the investment universe ▶ Climate change concerns have led to an increased focus on ESG integration throughout the investment process. It is also increasingly influencing investee engagement and proxy voting activities ▶ Where there are material climate exposures and scenario analysis available from investee companies, this is assessed and incorporated into our overall analysis. For specific sectors where climate change matters are material, additional sensitivity analysis is performed ▶ Opportunities exist with respect to companies that can support a just, low-carbon transition journey ▶ The Company continued to evaluate its product offering, including the provision of sustainable investment products 	Stewardship Report 2023 → download Our Stewardship Approach → download Sustainable Investing Policy → download



OUR SUMMARISED INVESTMENT-RELATED CLIMATE ACTIONS AND DISCLOSURES CONTINUED

Theme	Key information	Further information
Risk management	<ul style="list-style-type: none"> ▶ Material climate change risks and opportunities are integrated into all valuation and investment decisions. Information from various sources, including Company reports, third-party data providers and through direct engagement with companies, is used to understand transition risks (such as stranded assets), as well as physical and liability risks ▶ This information is interpreted by investment analysts and integrated into their assessments of the long-term fair values of companies. A dedicated ESG analyst identifies best practice with respect to risk identification, external data providers, and metrics, and provides support to investment managers and analysts ▶ Engagement with investee companies is a key part of managing climate risks and driving meaningful environmental change. This approach is favoured over divestment in order to drive decarbonisation. However, if engagements fail, investment cases and valuations will be re-assessed 	<p>Stewardship Report 2023 → download</p> <p>Our Stewardship Approach → download</p> <p>Stewardship and Sustainable Investing Policy → download</p>
Metrics & targets	<ul style="list-style-type: none"> ▶ The weighted average Scope 1 and Scope 2 GHG emissions intensity of Coronation's key equity strategies are disclosed in the 2023 Stewardship Report. The emissions intensities of comparable benchmarks are also disclosed, as are the largest contributors to portfolio emissions intensity per investment strategy ▶ In addition, we assess other environmental metrics, such as water, to understand the scope of impact on our portfolios 	<p>Stewardship Report 2023 → download</p>

