

## Coronation investment strategies

Coronation Global Houseview: is a clean slate fully discretionary balanced portfolio, which represents our best investment view for a balanced portfolio in all major asset classes - equities, property, bonds, cash and international. The Strategy's objective is to outperform the median return of its peer group or composite benchmark over meaningful period. The Strategy is managed in accordance with the limits of Regulation 28 of the Pension Funds Act.

- Top quartile of global balanced funds in South Africa over 10, 15, 20 years and, since inception.
- 26-year track record of consistent outperformance of peer group and market indices
- Inflation beating real return of 9.2% p.a. since inception

Coronation Managed: is an aggressive, clean slate fully discretionary balanced portfolio. The Strategy's objective is to outperform its peer group or a composite benchmark over meaningful periods. The Strategy is managed in accordance with the limits of Regulation 28 of the Pension Funds Act.

- 20-year track record with consistent peer group and market index outperformance over the long term
- A top-performing strategy since inception and over all meaningful periods
- Inflation beating real return of 9.0% p.a. since inception

Coronation Global Absolute: targets positive real returns with an overriding focus on limiting downside returns or portfolio losses. Therefore, capital preservation in real terms is equally important to return optimisation. The Strategy is managed in accordance with the limits of Regulation 28 of the Pension Funds Act.

- The first absolute return mandate introduced in South Africa
- Since inception the strategy as produced positive rolling 18-month returns for 97.4% of the time
- 21-year track record of inflation-beating real returns of 8.4% p.a. since inception

## **Transformation**

Coronation Fund Managers was founded in 1993, at the dawn of democracy in South Africa. From zero clients and 18 employees, we've earned the trust of millions of South Africans. Our transformation journey began over a quarter of a century ago, and while we are by no means at the end of that journey, we are proud of the significant strides that we have made. We are a South African company that is truly committed to our country. We are a level 2 B-BBEE contributor where transformation has been a material focus for the business. Key highlights include:

- We are 28.5% Black Owned on an FSC adjusted basis, a large component of this ownership was achieved through the formation of the Imvula Trust which was the country's first, staff-only BEE deal in 2005. The transaction directly benefited 187 staff members with a meaningful transfer of wealth.
- Our Board of Directors are 78% Black and 56% Female
- Black employees comprise: 57% of our business, of which 57% are female; 76% of our new hires; 67% of our EXCO; >70% of our business leaders
- Female employees comprise: 49% of our business; 43% of business leaders; 44% of line managers
- We have a transformed SA investment team: 50% of senior portfolio managers are black; 42% of SA analysts;
- More than R220bn of Coronations assets under management is managed by black investment professionals within the business.

Throughout our history we have pioneered a number of initiatives that contributed to transformation and the development of skills in the asset management and financial services industry in Southern Africa:

- In 1999 we established and funded African Harvest Asset Management (subsequently bought by Cadiz Asset Management)
- In 2001 we launched Kagiso Asset Management, a joint venture with Kagiso Trust Investments.
- In 2005 we launched the first employee-only BEE deal called the Imvula Trust.
- In 2006, we introduced a ground-breaking initiative to transform the South African stockbroking industry with the launch of the Coronation Business Support Programme, an intervention to grow emerging black stockbrokers. We allocated a minimum of 10% of our South African equity annual brokerage to a group of black stockbrokers. Since inception Coronation allocated in excess of R350 million in brokerage to the programme participants.
- In 2016 The Coronation Business Support Programme inspired the launch of the Association for Savings and Investment SA (ASISA) Stockbroker Development Programme. Coronation is a member of this programme.

- In 2018 we supported the establishment of Intembeko Investment Administrators, an independent, black-owned transfer agency.
- As a sponsor and co-founder of ASISA's Independent Financial Adviser (IFA) Development Programme, we provide business development support and skills training to black IFAs. Since the programme's inception in 2015, it has trained 120 black IFA businesses and created internship opportunities for 105 individuals.

Please access more information on Transformation on our website  
<https://www.coronation.com/institutional/about-us/transformation/>

## Responsible investing

We believe in proactively participating in shaping an operating environment that supports protection of the long-term interests of asset owners and promote collaboration in support of a sustainable and diverse investment industry serving the best interests of the societies that we are a part of.

As stewardship in investment markets has evolved materially over the past 30 years, it has long been part of our DNA and we remain committed to being effective stewards of our clients' capital.

As long-term stewards of our clients' capital, Coronation is focused on the long-term prospects of the assets in which we invest on our clients' behalf. It is central to our investment philosophy and process to analyse the ability of each investment to create, sustain and protect value with the goal of generating superior risk-adjusted returns in line with our clients' objectives. Our stewardship activities enable us to more deeply understand the drivers of long-term value for companies in our portfolio, address key business risks and promote sound governance, all of which are consistent with our overall investment objectives.

We believe that companies and organisations that manage environmental, social and governance (ESG) factors more effectively are more likely to endure over time and create sustainable value over the long term. Factors may vary by industry, country and company; however, we ensure that we consider relevant ESG matters when evaluating opportunities, making investment decisions and engaging with companies to seek improvements in business practices and disclosures.

Our approach to ESG-related activities are underpinned by three core pillars: integration, engagement and collaboration. This framework informs our actions, through which we are able to influence positive changes that will create more value in the portfolios we manage on behalf of our clients.

Coronation has led the South African market in adopting global best practice in our business including becoming GIPS compliant in 2003, being early signatories to the UNPRI since 2007 and adopters of the Code for Responsible Investing in South Africa (CRISA) since 2012. Coronation achieved the highest rating of A+ in all categories of the Principles for Responsible Investing (PRI) assessment which we consider an important yardstick as it helps us measure where we stand compared to the rest of the market and highlights competencies and areas where we can improve.

We are also key contributors to the activities of the Association of Savings and Investments South Africa (ASISA) whose role is to ensure the sustainability and relevance of the investment industry for the benefit of the country and its citizens.

Furthermore, we are supporters of the UK Stewardship Code 2020 and are Official supporters of the Task Force on Climate Related Financial Disclosures (TCFD).

We produce an annual Stewardship Report, which outlines our approach to stewardship and gives an indication of the work we have done in this regard. It also houses a summary of our proxy voting activity and our corporate engagements, as well as our various industry memberships and collaborations at home and abroad. The Coronation Stewardship Report 2019 can be accessed at <https://www.coronation.com/institutional/about-us/stewardship/>