

CORONATION



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# SA Equities: Do you have enough?

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Nicholas Hops

*24 May 2022*

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# Is it too late to buy SA equity?

## PERIODS ENDING 30 APRIL 2022

Category	Index	YTD	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)
SA Equity	Capped SWIX	2.5%	14.7%	8.6%	6.5%	9.8%
SA Equity	SWIX	1.5%	8.8%	7.1%	6.5%	10.0%
SA Equity	ALSI	0.0%	13.2%	11.3%	9.8%	11.2%
SA Equity	CAPI	1.1%	16.2%	12.3%	9.9%	11.3%
SA Bonds	All Bond Index (ALBI)	0.2%	8.4%	7.6%	8.2%	7.8%
SA Listed Property	All Property Index (ALPI)	-3.0%	11.6%	-5.8%	-6.2%	4.0%
SA Cash	STeFI 3m	1.3%	3.7%	4.7%	5.6%	5.8%
Global Equity	MSCI ACWI (ZAR)	-13.5%	3.6%	13.7%	13.8%	17.9%
EM Equity	MSCI EM (ZAR)	-12.8%	-10.6%	6.1%	8.3%	10.9%
Global Bonds	Barclays Global Agg. Bond Index (ZAR)	-12.0%	-4.7%	2.3%	3.8%	7.8%
Inflation	CPI		6.3%	4.6%	4.5%	5.1%
FX	USD/ZAR	0.8%	-8.3%	-3.3%	-3.3%	-6.9%



# It's not too late to buy SA equity

## SETTING THE SCENE



# The case for SA equity today

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Extraordinarily  
**cheap**

# The case for SA equity today

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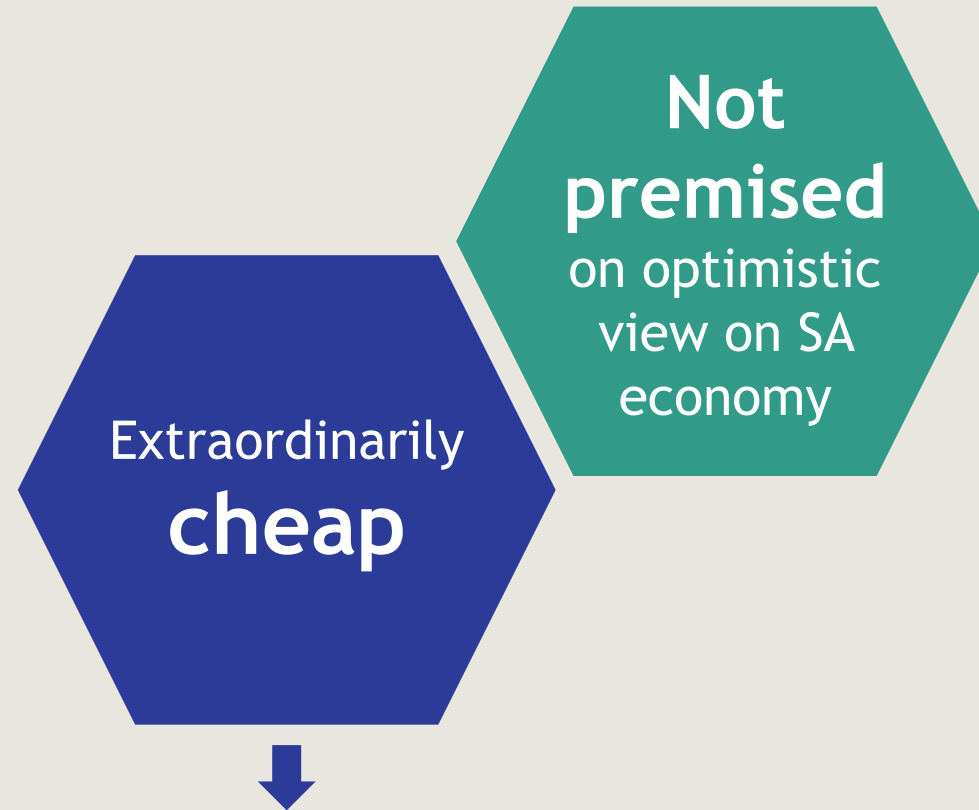


Extraordinarily  
**cheap**



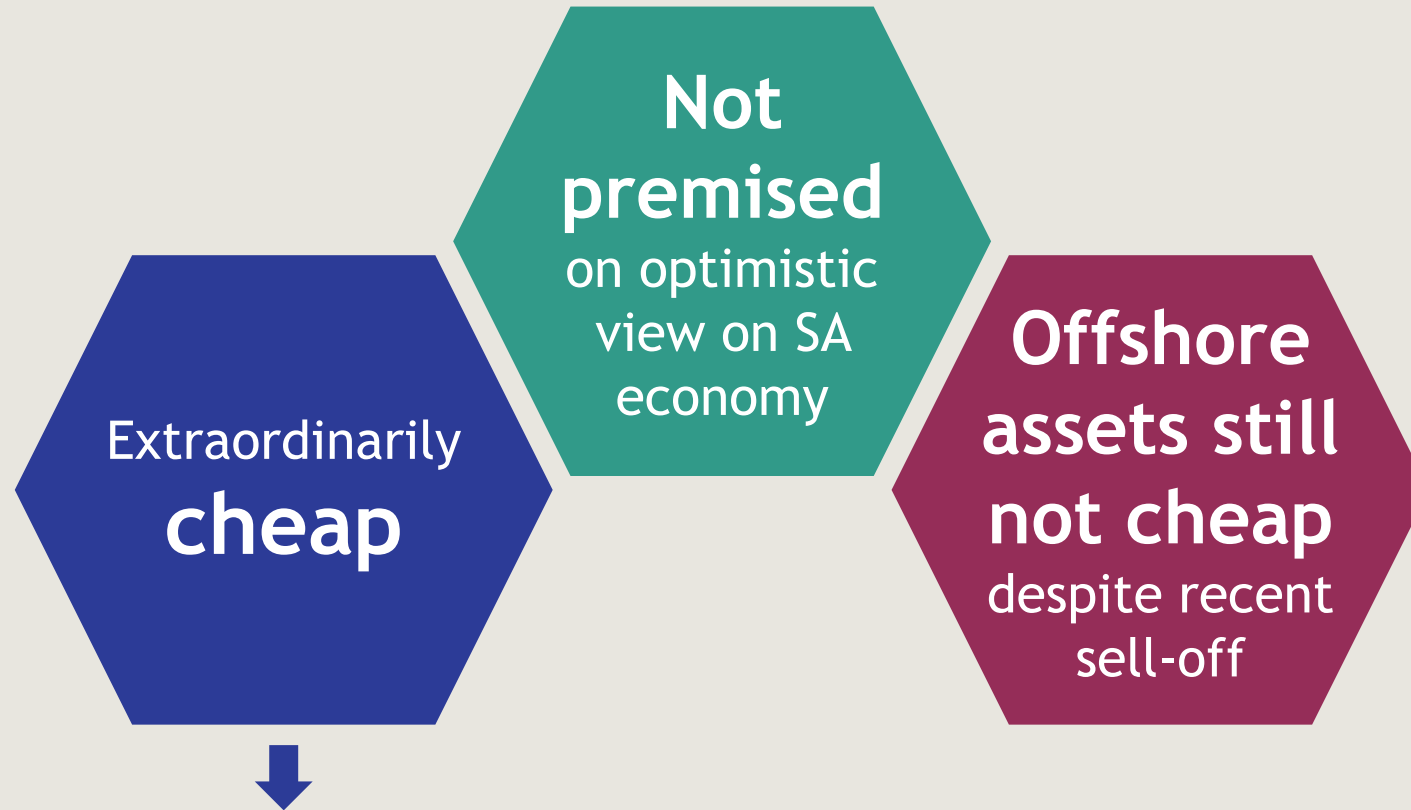
- + Low earnings multiples & high dividend yields
- + Historically significant upside to fair value across our equity funds
- + Follow the money. 50 buy-outs from JSE in 2019-2021

# The case for SA equity today



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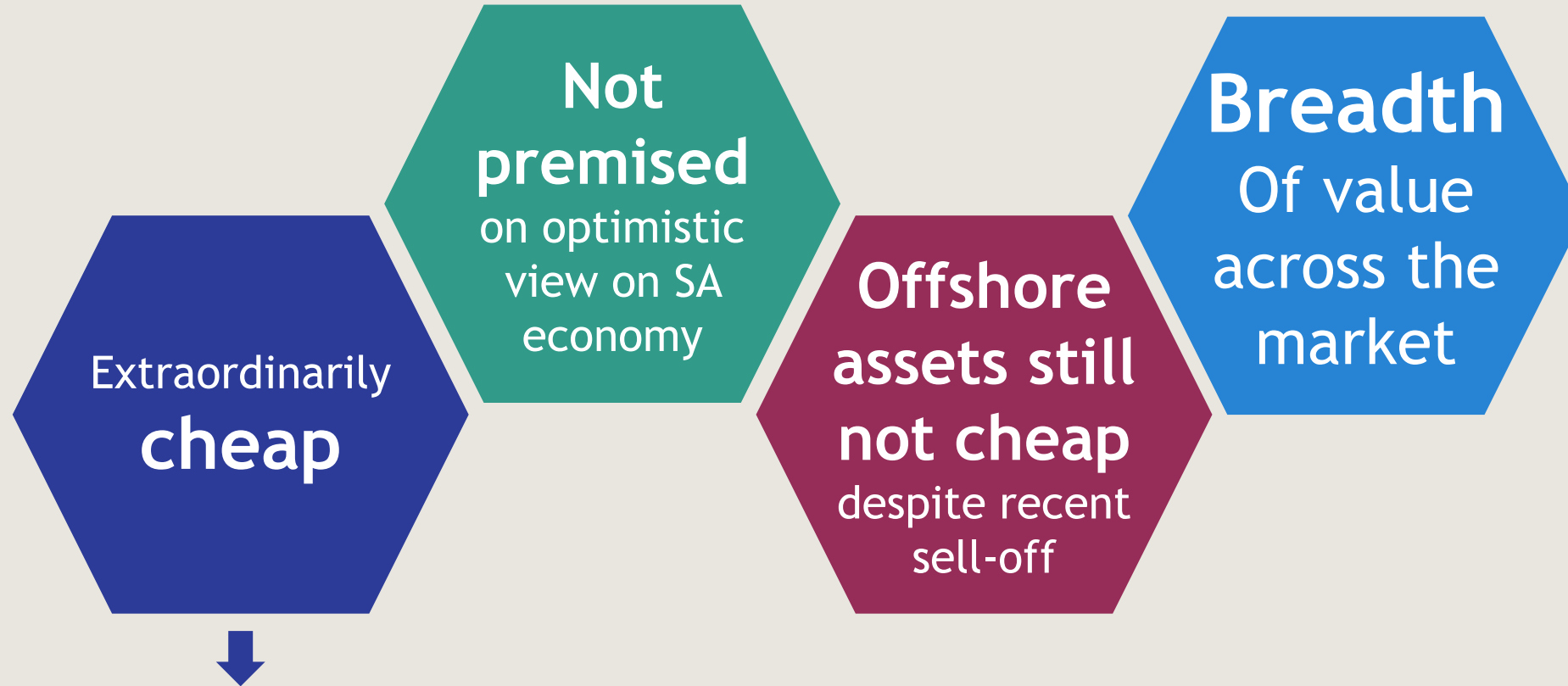
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# The case for SA equity today



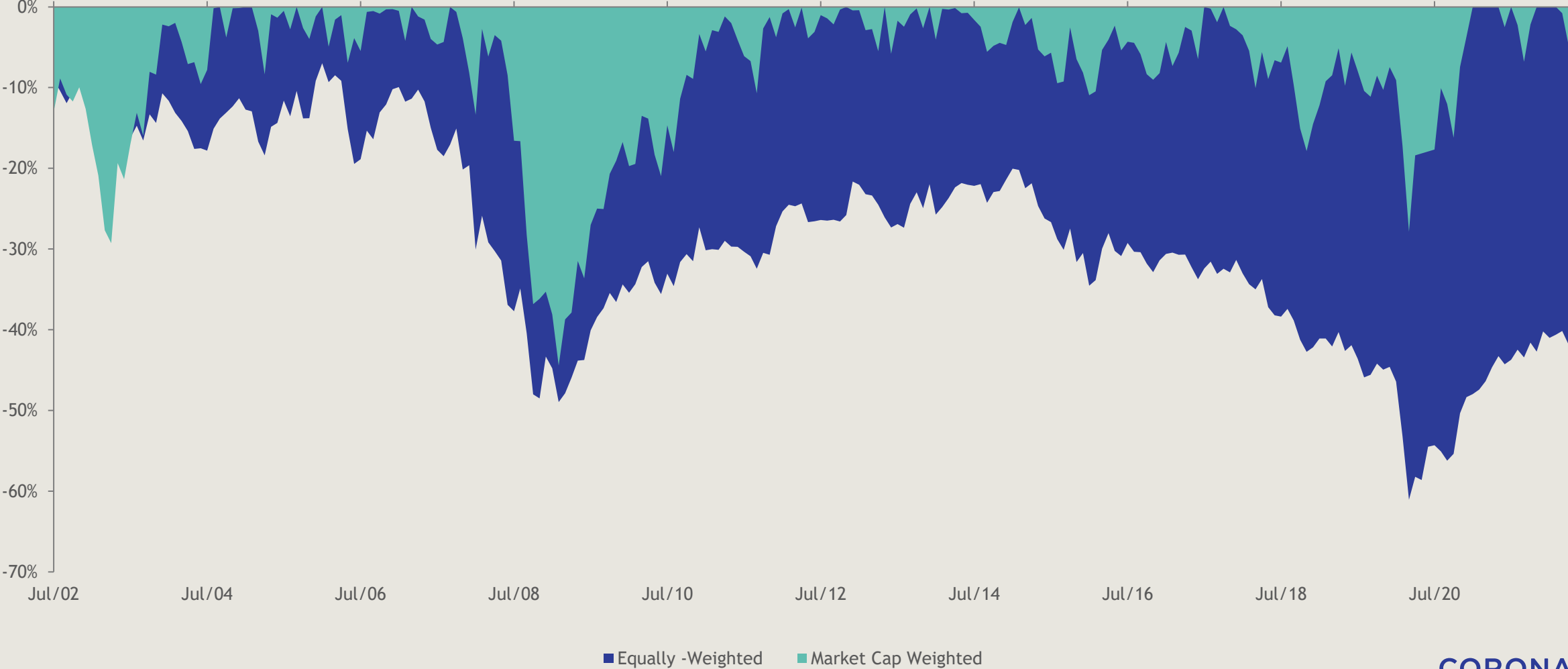
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# Equity indices do not reflect the collapse of domestic stocks



## AVERAGE DISCOUNT TO ALL-TIME HIGH

Equally weighted ALSI vs. ALSI Index





# The case for SA equity today

## High weightings in JSE listed, global stocks (31%)

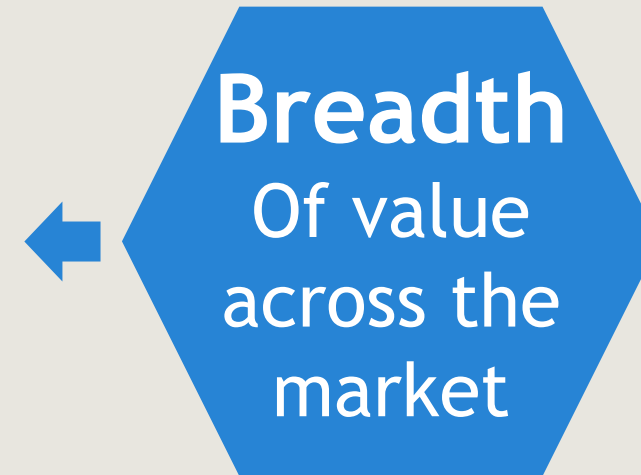
- + BTI, Naspers, Quilter, ABI, Aspen

## High resource exposure (30%)

- + Anglo American, Glencore, Impala, Exxaro, AngloGold, Sasol

## SA Inc.(39%) exposure generally more defensive counters

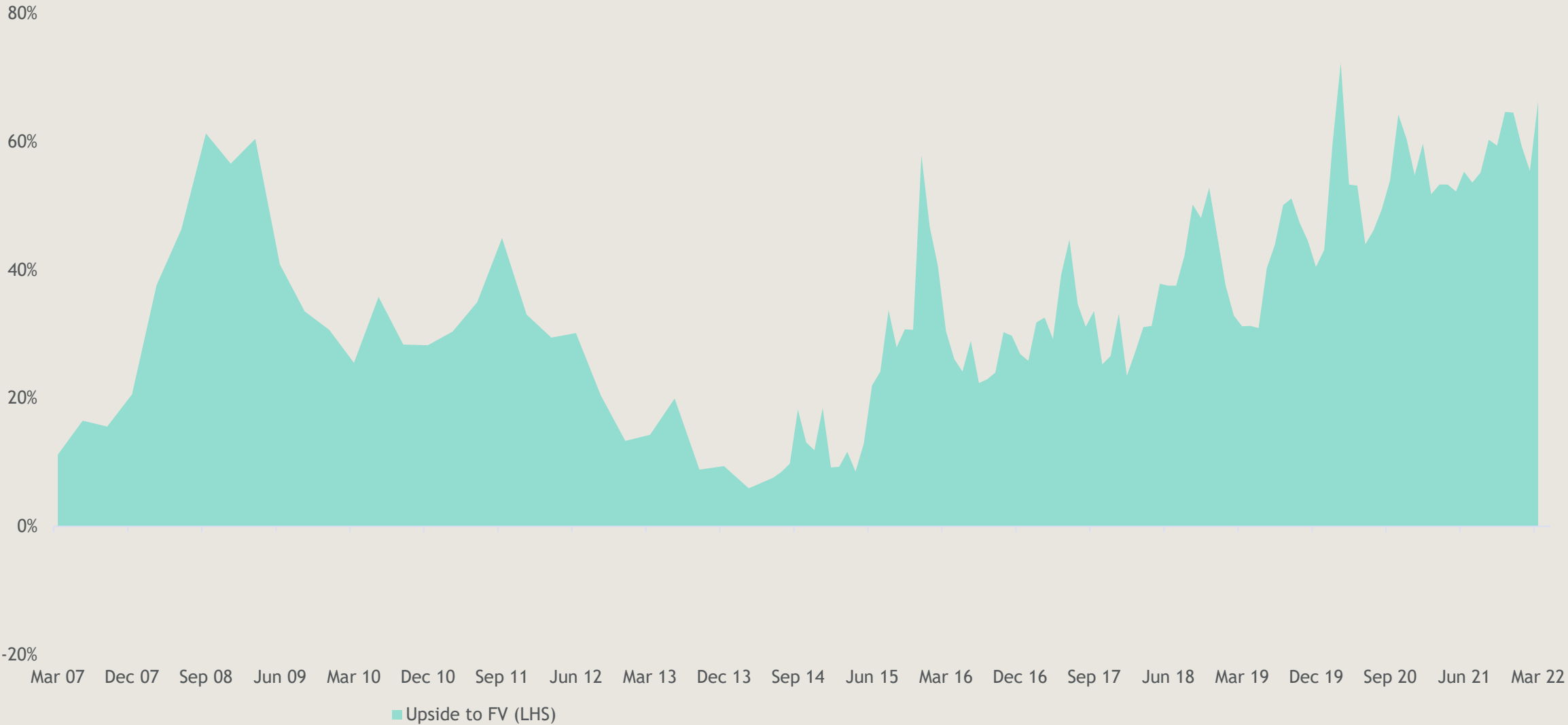
- + See-through exposure to SA economy is below benchmark but gap has narrowed
- + Little domestic economically sensitive stocks except for banks
- + Banks now c.18%. Shares have lagged recovery, yet results far better than expected
- + Big position in Life Co's. Asset markets at or close to all time highs. Through worst of covid claims. Strong cash generators.
- + Lots of stock picking opportunity



# Upside as an indicator of future returns



## CORONATION TOP 20 FUND

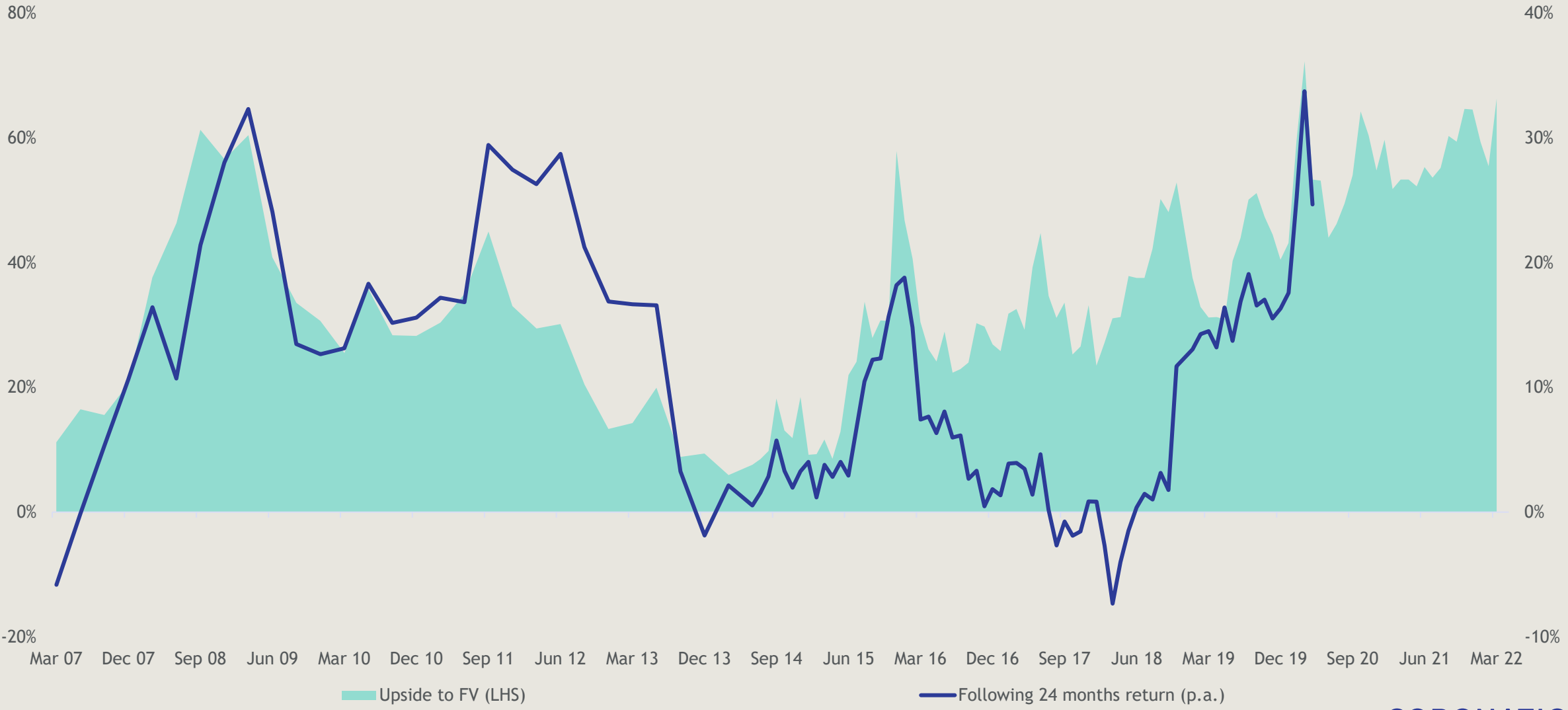


Source: Morningstar and Coronation Research as at 30 April 2022

# Upside as an indicator of future returns



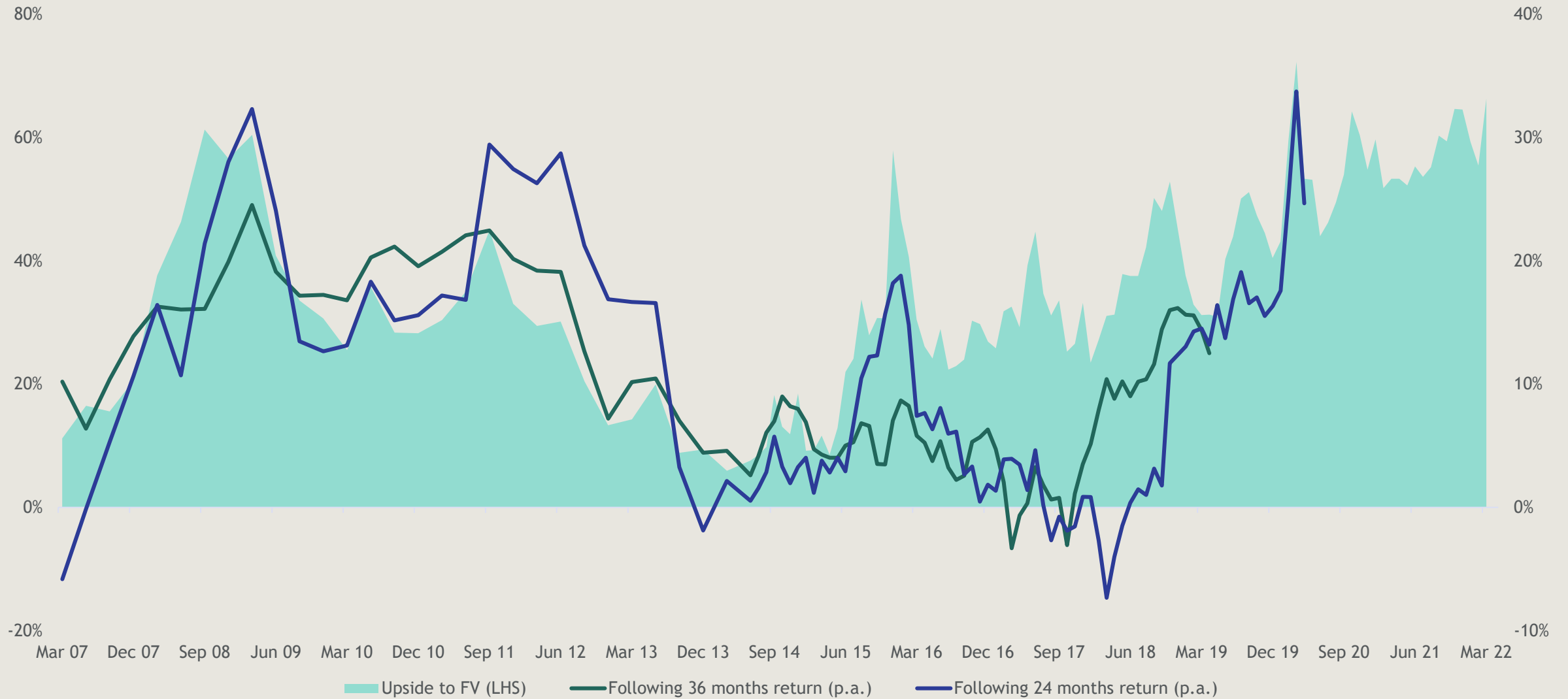
## CORONATION TOP 20 FUND



# Upside as an indicator of future returns



## CORONATION TOP 20 FUND



# Conclusion



Despite ST outperformance, longer-term returns have been muted & great opportunity remains

The SA market is cheap - We see upside for the market at peak levels

There is value across the three primary buckets of global, resource and domestic

Our domestic SA forecasts are pessimistic

SA equities are attractive both in absolute and relative terms

Would be buying SA equities

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Registration No. 1993/002807/07

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The following exemptions are applicable to the licence:

Exemption of investment managers and linked investment services providers and their related functionaries from fit and proper requirements (Board Notice 97 of 2003).

Exemption of licensees as regards display certified copies of licenses (Board Notice 40 of 2004).

Exemption of Services under Supervision, 2018 (FSCA FAIS Notice 86 of 2018).

The following employees have been appointed as Key Individuals and/or Authorised Representatives:

#### Key individuals

Anton Pillay; Karl Leinberger; Kirshni Totaram; Neville Chester; Louis Stassen; Llewellyn Smith; Nishan Maharaj.

#### Authorised representatives

Adrian van Pallander; Hendrik Groenewald; Alistair Lea; Karl Leinberger; Anton de Goede; Kirshni Totaram; Pranay Chagan; Quinton Ivan; Charles de Kock; Sarah-Jane Morley (married Alexander); Dirk Kotzé; Sean Morris; Louis Stassen; Neill Young; Gavin Joubert; Neville Chester; Stephen Peirce; Pallavi Ambekar; Suhail Suleman; Peter Leger; Tracy Burton; Nishan Maharaj; Nicholas Hops; Steve Janson; Mauro Longano; Henry Moolman; Gus Robertson; Sinovuyo Ndaleni, Greg Longe; Neil Padoa; Nicholas Stein; Anthony Gibson, Seamus Vasey, Liesl Abrahams; Steven Barber; Humaira Surve; Godwill Chahwahwa; Danie Pretorius; Lisa Haakman; Marc Talpert; Iakovos Mekios; Azola Lowan (supervised); Tumisho Motlanthe (supervised); Paul Neethling (supervised); Floris Steenkamp (supervised); Sibongiseni Khumalo (supervised); Chris Cheetham (supervised); Siviwe Mazwana; Kgahliso Molabe; Zukisa Luswazi (supervised); Siyabonga Mseleku (supervised)

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The appointed Compliance Officers are:

Jamie Rowland	Stephan Kemp
Tel: 021 680 2809	021 680 7703
Fax: 021 680 2859	021 680 7753
Cell: 082 434 4622	082 351 2401
E-mail: <a href="mailto:jrowland@coronation.com">jrowland@coronation.com</a>	<a href="mailto:skemp@coronation.com">skemp@coronation.com</a>

Coronation's Conflicts of Interest Management Policy, and Coronation's Complaints Guidelines for clients are available on Coronation's website, [www.coronation.com](http://www.coronation.com), or on request from the Compliance Officer.

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Exemption of Services under Supervision, 2018 (FSCA FAIS Notice 86 of 2018).

The following employees have been appointed as Key Individuals and/or Authorised Representatives:

Key individuals

Louis Stassen; Kirshni Totaram; Karl Leinberger; Neil Padoa

Authorised representatives

Louis Stassen; Gus Robertson; Gavin Joubert; Karl Leinberger; Kirshni Totaram; Peter Leger; Stephen Peirce; Suhail Suleman; Greg Longe; Neil Padoa; Anthony Gibson, Liesl Abrahams; Steven Barber; Humaira Surve; Danie Pretorius; Lisa Haakman; Marc Talpert; Iakovos Mekios; Paul Neethling (supervised); Floris Steenkamp (supervised); Chris Cheetham (supervised); Hendrik Groenewald

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#### Key individuals

Louis Stassen; Neville Chester

#### Authorised representatives

Adrian van Pallander; Louis Stassen; Neville Chester; Nicholas Stein; Nishan Maharaj; Quinton Ivan; Seamus Vasey.

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*Thank you*

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