



Coronation Client Charter

We strive to always put clients first

We have an unwavering commitment to the long term

We focus on producing top performance over all meaningful periods

We are uncompromising about ethics

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TRUST IS EARNED™



It's not just about getting from A - B

February 2023

Glacier Investment Summit

Peter Kempen

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How you get there matters ...

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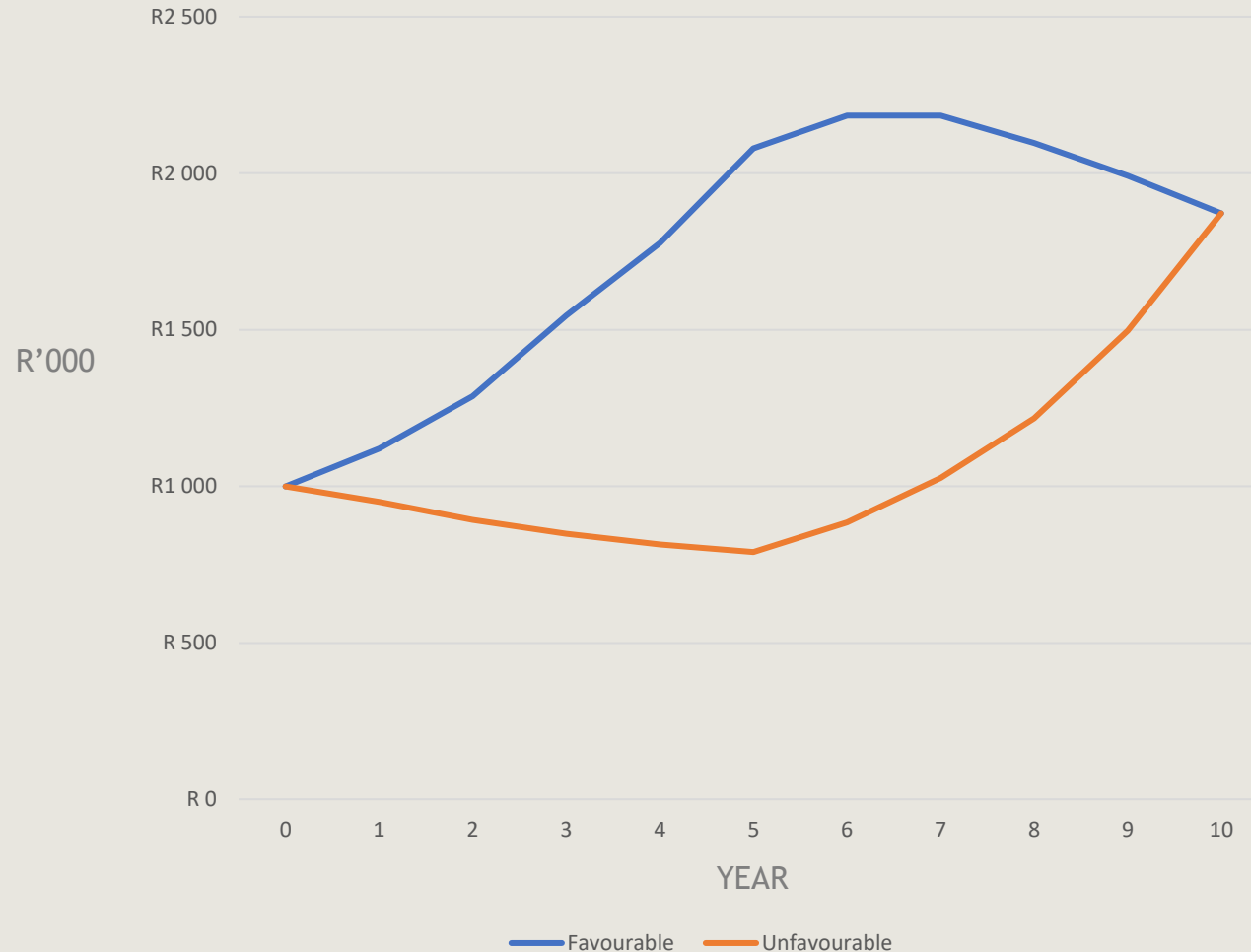
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Sequence of returns impact - no income drawdown

FAVOURABLE PORTFOLIO = GOOD RETURNS FIRST, LOSSES AT THE END

UNFAVOURABLE PORTFOLIO = LOSSES AT THE START, GOOD RETURNS AT THE END

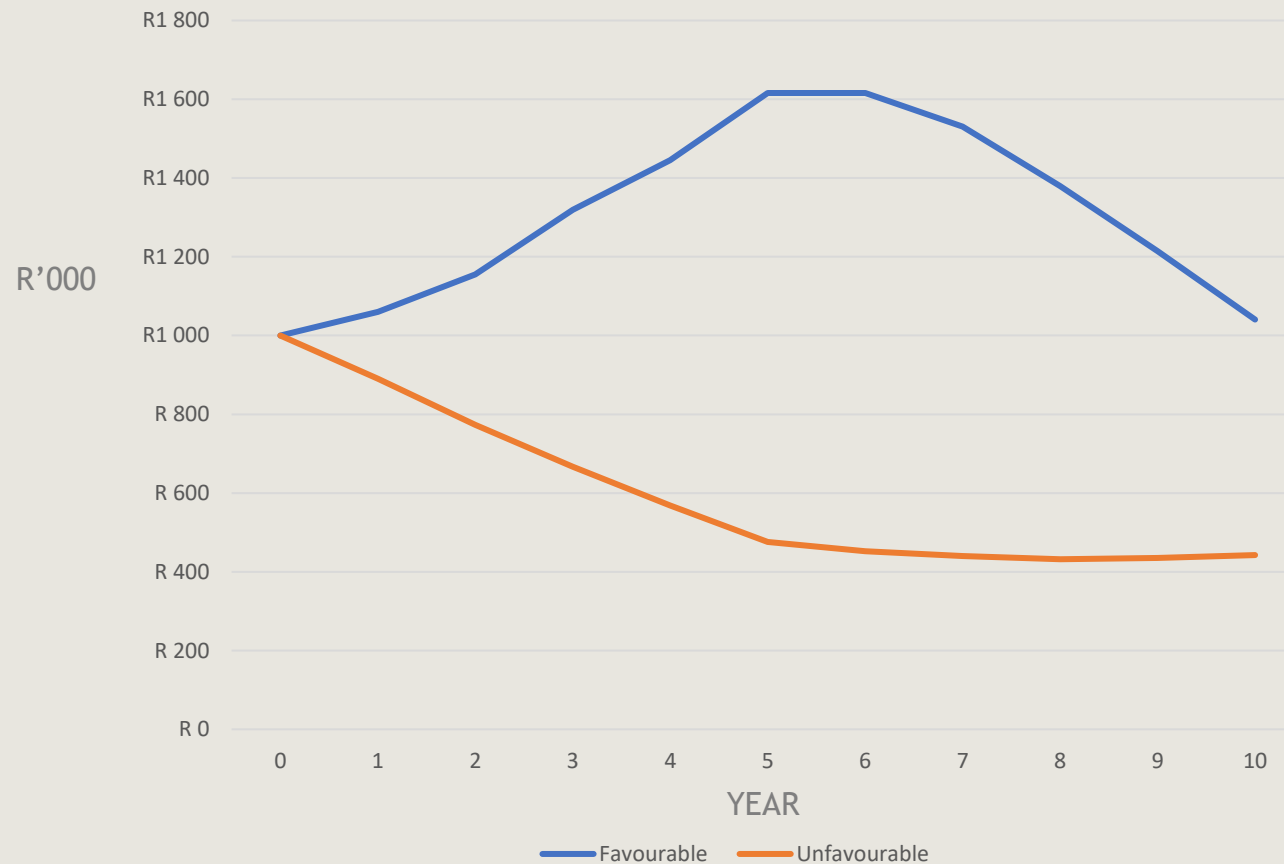




Sequence of returns impact - with income drawdown

FAVOURABLE PORTFOLIO = GOOD RETURNS FIRST, LOSSES AT THE END

UNFAVOURABLE PORTFOLIO = LOSSES AT THE START, GOOD RETURNS AT THE END





The role of the asset manager

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Focus on managing downside risk

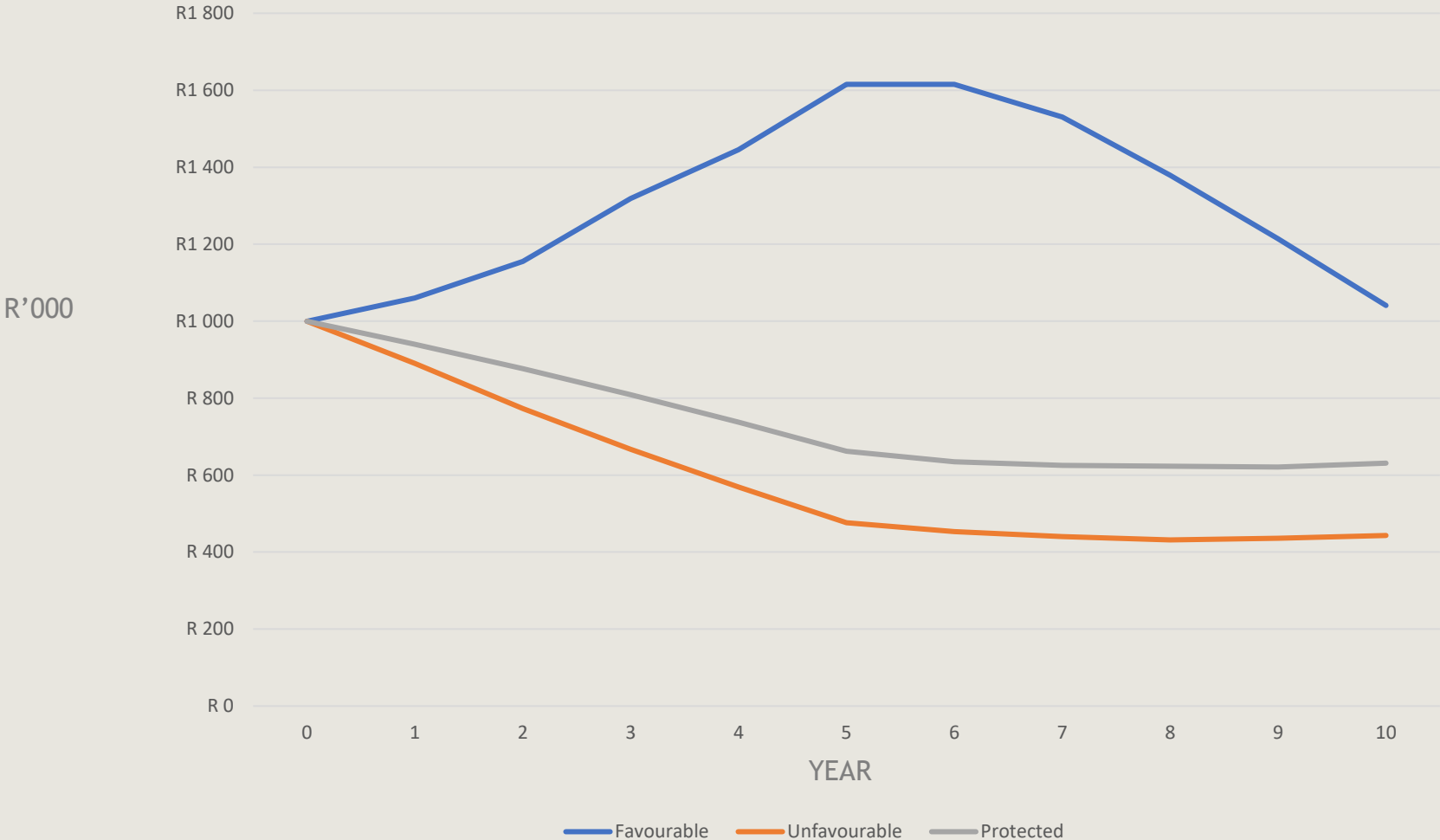
PROTECTED PORTFOLIO = SMOOTHER RETURN PATH



Focus on managing downside risk



MATERIALLY BETTER OUTCOME WHEN DRAWING AN INCOME



8 Source: Coronation
6% initial annual drawdown escalating at 6% inflation per annum

Building a robust portfolio



Active asset allocation

- Cap on risk asset exposure
- Use protection where cost effective



Diversification

- Across instruments and sectors
- Across asset classes



Instrument selection

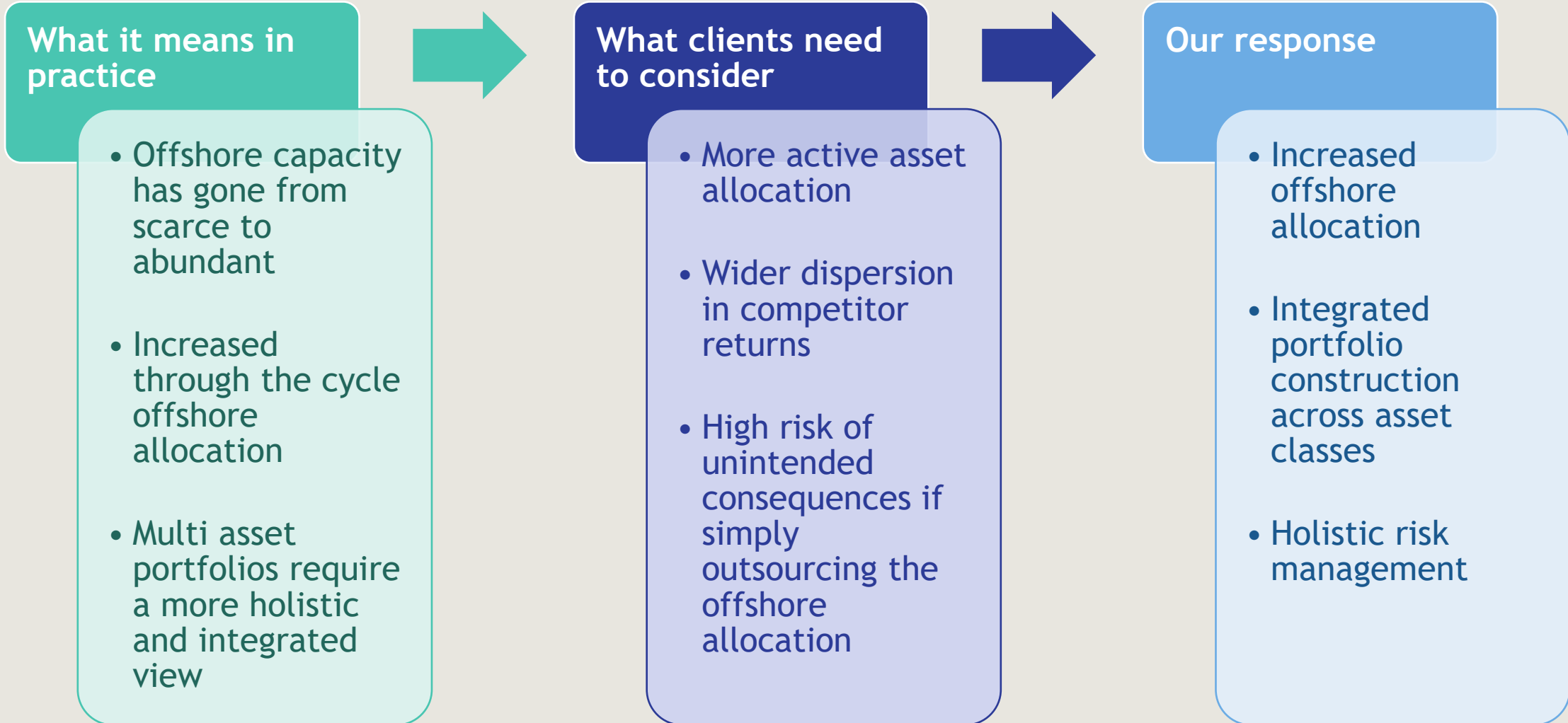
- Focus on valuations and balance sheet health
- Limits on exposures on individual positions and to volatile sectors



Integration

- Across domestic and global teams
- Consider portfolios holistically

Adapting to Reg.28 changes



Full flexibility introduces more return variability







The role of the adviser / investor

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Dynamic spending rules



RULE	WHAT HAPPENS TO YOUR ANNUAL INCOME?		
 <p>Modified withdrawal rule</p>	<p>➤ Your annual income increases annually with inflation</p>	<p>➤ Except when the retirement portfolio produces a negative return in the prior year, and when the current year's increased rate is higher than the initial withdrawal rate</p>	<p>➤ There is no catch-up for missed increases in later years</p>
 <p>Capital preservation rule</p>	<p>➤ Your annual income reduces by a pre-defined percentage (e.g. 10%) if the increased withdrawal rate in a given year exceeds the initial withdrawal rate by more than a certain percentage (e.g. 20%)</p>	<p>➤ This rule is only applied in the first half (10 to 15 years) of retirement</p>	<p>➤ This spending rule could be further refined (at the expense of giving up some safety) by adding a prosperity rule. If the withdrawal rate falls by more than a pre-set percentage (e.g. 20%) below the initial withdrawal rate, the withdrawal is increased by a defined percentage (e.g. 10%)</p>

Spending rules & drawdown management: Theory



YEARS BEFORE REAL INCOME WILL START TO REDUCE IF INFLATION IS 6% (& YOU GROW INCOME BY INFLATION EVERY YEAR REGARDLESS OF PORTFOLIO OUTCOME)

	EXPECTED NET INVESTMENT RETURN P.A.					
INCOME RATE P.A.	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%
2.5%	21	30	50+	50+	50+	50+
5.0%	11	14	19	33	50+	50+
7.5%	6	8	10	13	22	50+
10.0%	4	5	6	7	9	20
12.5%	2	3	3	4	5	7

Source: ASISA Standard on Living Annuities

Spending rules & drawdown management: Practice



AVERAGE ACTUAL LIVING ANNUITY DRAWDOWN RATES & FUND RETURNS							
	2011	2012	2013	2014	2015	2016	2017
Ave Drawdown	6.99%	6.77%	6.63%	6.59%	6.44%	6.62%	6.64%
MA Medium Equity category average return	4.9%	15.6%	16.4%	9.2%	7.7%	1.7%	9.4%

- + Stable DD rate over time, regardless of portfolio performance
- + Income rate set annually as percentage, typically not increased every year
- + Retirees automatically time discretionary spend to coincide with higher return periods
- + Effectively = a modified withdrawal rule

Using a hybrid approach



Life annuity

- Guaranteed income for life
- Addresses longevity risk
- Lacks flexibility and growth potential
- Nothing for heirs

Living annuity

- No guarantees
- Flexibility wrt income and investment choice
- Investment risk and risk of capital depletion
- Bequest benefit

When attractive escalating guaranteed annuity rates are available, life annuities facilitate appropriate risk-taking in Living Annuities & make drawdown rates more sustainable



Thank you

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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; 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 Ndoleni, 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; Tumisho Motlanthe; Paul Neethling (supervised); Floris Steenkamp (supervised); Chris Cheetham (supervised); Siviwe Mazwana; Kgahliso Molabe; Zukisa Luswazi (supervised); Siyabonga Mseleku (supervised); Tracy Brodziak

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The appointed Compliance Officers are:

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

All complaints are taken seriously and Coronation's aim is to ensure that all complaints are investigated and addressed in a timely and fair manner.

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The following exemptions are applicable to the licence:

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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

Louis Stassen; Kirshni Totaram; Karl Leinberger; Neil Padoa, Suhail Suleman

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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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; Neville Chester; Nishan Maharaj

Authorised representatives

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

All Key Individuals and Representatives meet the fit and proper requirements as set out in the Board Notices to the Financial Advisory and Intermediary Services Act 37, 2002.

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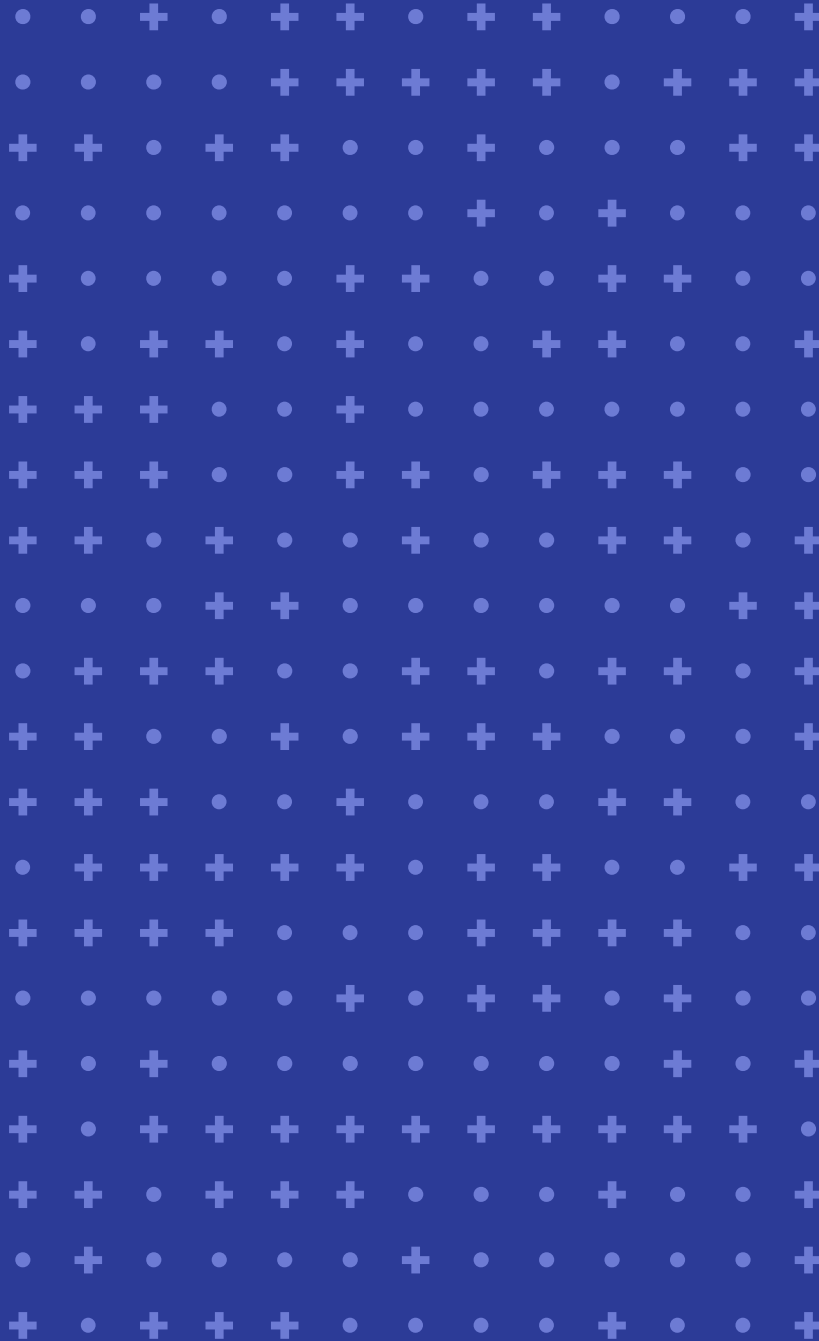
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