

LONG TERM OBJECTIVE

The Coronation Core Equity Strategy is our benchmark cognisant offering within our equity product range. The Strategy is constructed with reference to a benchmark, and seeks to outperform the equity market over meaningful periods (defined as at least 5 years).

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their long-term underlying 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 with reference to a benchmark based on the relative risk-adjusted upside to fair value of each underlying security.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	2,405.2%	1,893.6%	511.6%
Since Inception p.a.	15.7%	14.5%	1.2%
Latest 20 years p.a.	13.0%	11.8%	1.2%
Latest 15 years p.a.	11.9%	11.7%	0.2%
Latest 10 years p.a.	10.1%	9.9%	0.2%
Latest 5 years p.a.	13.0%	15.4%	(2.4)%
Latest 1 year	28.9%	34.1%	(5.2)%
Year to date	(0.8)%	(0.5)%	(0.3)%
Month	(8.8)%	(10.6)%	1.8%

TOP 10 HOLDINGS

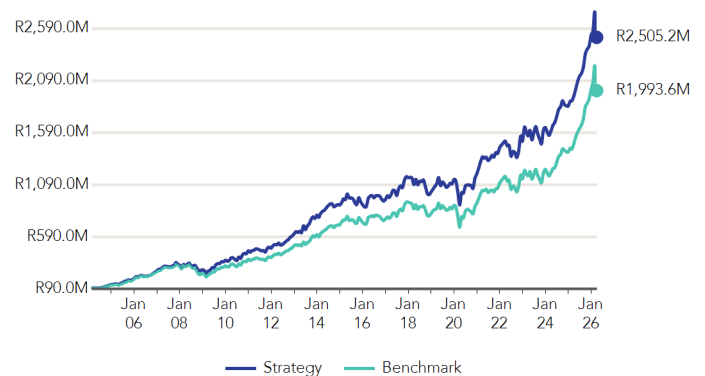
Holding	% Strategy
NASPERS LTD	9.1%
ANGLOGOLD ASHANTI PLC	7.2%
STANDARD BANK GROUP LTD	7.1%
NORTHAM PLATINUM HOLDINGS LTD	5.8%
GOLD FIELDS LTD	4.5%
FIRSTRAND LTD	4.5%
MTN GROUP LTD	3.6%
PROSUS	3.2%
CAPITEC BANK HOLDINGS LTD	3.1%
CIE FINANCIERE RICHEMO-A REG	3.0%

GENERAL INFORMATION

Inception Date	01 March 2004
Strategy Size *	R6.64 billion
Strategy Status	Open
Mandate Benchmark	FTSE/JSE Capped All Share Index (CAPI)
Dealing Frequency	Daily
Base Currency	ZAR

*Strategy assets under management as at the most recent quarter end.

GROWTH OF R100M INVESTMENT



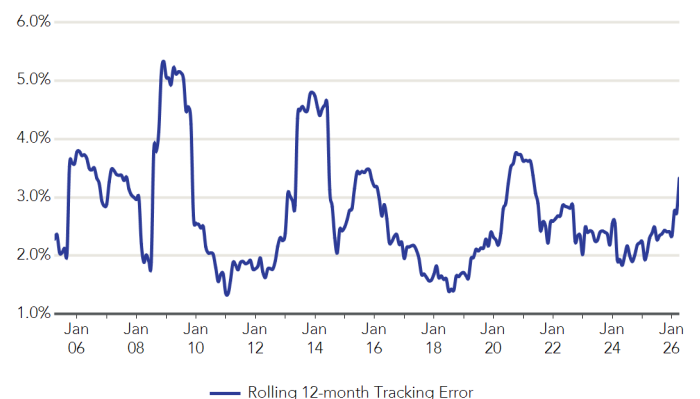
Benchmark: FTSE/JSE Capped All Share Index (CAPI)

The benchmark has changed over time; performance is shown against the benchmark in effect during each measurement period. Full details of historic benchmarks are available upon request.

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Average Annual Return	16.8%	15.7%
Tracking Error	2.9%	
Information Ratio	0.4	
Annualised Standard Deviation	14.0%	14.4%
Maximum Drawdown	(30.1)%	(37.0)%

TRACKING ERROR



SECTOR EXPOSURE

Sector	% Strategy	Sector	% Strategy
Basic Materials	29.6%	Telecommunications	4.1%
Financials	28.6%	Health Care	2.0%
Technology	13.6%	Industrials	1.5%
Consumer Services	11.3%	Interest Bearing	2.4%
Consumer Goods	6.9%		

PORTFOLIO MANAGERS



Quinton Ivan - BBusSc, Bcom (Hons), CA (SA), CFA

Quinton is Head of Coronation's Core Equity Strategy. He also co-manages the Presidio Hedge Fund and is responsible for analysing South African equities. He joined Coronation in 2005 and has 21 years' investment experience.



Alistair Lea - BCom, CA (SA), CFA

Alistair is an analyst and portfolio manager in the South African equity team at Coronation. His research responsibilities include mid- and small cap as well as property companies, and he manages the Smaller Companies unit trust fund. He also co-manages the Core Equity Strategy. Alistair joined Coronation in 2005 and has 27 years' investment experience.



Sarah-Jane Alexander - BBusSc, CFA

Sarah-Jane is a portfolio manager and analyst in the South African equity team at Coronation. She co-manages the Coronation Houseview and Core Equity Strategies and is responsible for analysing South African stocks. She joined Coronation in 2008 and has 22 years' investment experience.

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REVIEW FOR THE QUARTER

The Strategy's performance for the quarter was slightly negative (up 29% for the year) as equities came under pressure.

After three years of strong returns, global markets stuttered in Q1 with the MSCI All Country World down -3%. The war in the Middle East poses a serious challenge to global energy supply. Oil surged to >\$100 per barrel in the quarter. Iran's closure of the Strait of Hormuz stopped the flow of liquified natural gas (LNG) and oil (20% global supply flows through the strait), risking shortages across most of the planet. No one knows how long the crisis will last. Whilst there is a wide range of outcomes, our base case is that the disruption lasts months, not years. Our focus, as always, is on the long term. We expect a gradual recovery in shipping activity and a decline in energy prices. Although we do not expect the war to last beyond this year, we do think energy prices will settle above pre-war levels and we acknowledge the non-negligible risk that Iran may function as a rogue state for a prolonged period, causing intermittent disruptions to energy markets.

The war has had broad ramifications. Higher near-term energy prices are translating rapidly into consumer price inflation. Prospects of further rate cuts have receded worldwide. The US dollar, which had continued to weaken in the first two months of the year, reverted to its role as a store of value in the crisis. Gold wavered. Equity markets retreated after a positive first two months of the year.

Gold, touted for its hedge properties, has not provided protection during this crisis. Having started the year very strongly, gold fell -12% in March (to end the quarter up 8%). We believe we are in the late stages of an extended bull market. Parabolic prices have detached from the underlying fundamentals. This is a crowded trade marked by lots of speculative, price-insensitive buying. We think that this heightens the risk of material capital losses when sentiment ultimately turns. Having held an overweight position a few years ago, the Strategy is underweight in gold today. This has detracted meaningfully from relative performance over the past year, but we believe it is the right thing to do if one places value on protecting client capital. Our experience is that the zeitgeist is typically indifferent to the risk of capital losses in a bull market. It is only once prices have already fallen substantially that attention shifts to risk. The issue is compounded by the fact that gold shares have an outsized share of the JSE indices. We think this has sucked the oxygen out of the market, with many investors selling the rest of the market to buy gold shares. As a consequence, we are finding stunning value across the rest of the market. Our gold underweight has allowed us to build big positions in many stocks that we think will deliver excellent returns in the years ahead.

Within equity markets, emerging markets were flat for the quarter (MSCI EM Index -0.2% in USD), outperforming their developed market counterparts (MSCI World Index -4%). The MSCI EM Index delivered a strong first two months before declining in March (-13%), as local currency declines were compounded by a strengthening US dollar.

In addition to the geopolitical headwinds impacting markets, the rapid pace of AI evolution is causing widespread disruption. During the quarter, the market swiftly sold off names in affected sectors indiscriminately. We believe that there is an opportunity for select incumbents to navigate this transition and fortify their moats. Moats will vary across sectors, but those with strong brands and powerful physical distribution (wealth advisors, extensive ecommerce logistics, high customer service levels) have the opportunity to survive and to thrive. Navigating this will require outstanding management teams, combined with high levels of investment and innovation.

The strong dislocation experienced in global equity markets in Q1, as a result of both the escalating Middle East conflict and concerns on AI disruption has created exciting stock-picking opportunities. We expect excellent returns in the years ahead, as was the case in the periods following previous crises (GFC, Covid, tariff war), where good businesses were available at discounted prices.

In SA, the slow but steady pace of reform continues. Credit rating agency S&P Global's first upgrade in more than a decade acknowledged this improvement. Factors cited by them included improved growth, fiscal trajectory, and Eskom performance. The GNU's role in driving accountability and delivery is broadly accepted. Ongoing support for this moderate, reform-oriented coalition is key to sustaining SA's path to recovery. However, poor service delivery in many municipalities is undermining investment, with water particularly concerning. This remains a key stumbling block for SA. Stable, functional coalitions are required to resolve this. Legislation that would improve the functioning of coalitions is in the pipeline. These efforts, and the outcome of the local government elections later in the year, will be closely watched. Consumer health has improved in the recent past, with consumers benefiting from lower inflation, lower interest rates, and real wage increases. Low levels of investment and lacklustre economic growth remain key structural impediments to the long-term health of the economy.

The fiscal outlook improved materially during 2025. Debt-to-GDP has stabilised, helped by ongoing fiscal discipline and soaring precious metal prices. These improvements resulted in lower funding costs. Unfortunately, some of this reversed in the quarter, as the spike in energy prices undermined the outlook for inflation, interest rate cuts, and growth.

The Capped All Share Index was close to flat for the quarter (dragged down by the -11% decline in March). Twelve-month returns from SA Equities remain strong at 34%. We are concerned that the high benchmark exposure to precious metals (c. 30% on a look-through basis as at end-February) increases the risk of capital losses for investors with passive exposure to the benchmark. As an example, the JSE Precious Metals and Mining Index declined -20% in March. The Strategy continues to make use of the breadth of opportunity available in the local market by owning a more diverse basket of shares. We see compelling value across JSE-listed global stocks and winning domestic shares. As a result, we expect excellent long-term returns.

The Resources Index rose 8% during the quarter despite struggling during March (-15% for the month, but still up a whopping 91% over 12 months). The quarterly performance was driven by the broader sector, rather than the narrower precious metal-driven returns over 12 months. Energy was very strong (+33% for the quarter). The Strategy has held an underweight position in the resources sector for some time, given a meaningful underweight in gold shares. We also entered the year underweight PGMs, having trimmed into basket strength during 2025 (+95%). Dramatic PGM weakness during March, enabled us to rebuild our basket of PGM holdings. We expect the PGM miners to experience a few good years of strong demand, supply shortages, and high prices. Whilst we believe electric vehicles will ultimately prevail, EV adoption has slowed outside of China (particularly in the US). Other resource holdings include a moderate basket of diversified miners.

The Industrials Index declined -8% for the quarter, taking 12-month returns to a soggy 5%. Our basket of JSE-listed shares has sizeable exposure to global stocks listed locally as well as winning domestic businesses. Many of the global shares look cheap for stock-specific reasons. Naspers was particularly weak in the quarter (declining -22%), reflecting concerns over whether Tencent was lagging on AI deployment. Tencent has recently signalled increased AI investment. This will impact near-term earnings. Longer-term, we believe that Tencent is well-positioned to win as it deploys AI to leverage its moat and deepen user engagement. Tencent has a massive data advantage from its 1.4bn monthly active users and integration across the Chinese economy in sectors spanning gaming, advertising, and fintech.

Domestically, focus remains on owning winning SA businesses. We were pleased with the results from the education businesses (ADvTECH and Stadio), which both continue to grow volumes strongly despite subdued economic growth. Private tertiary education is a compelling alternative given constrained capacity in state universities. It offers well-resourced facilities, good educational outcomes, and is well priced. Increasing numbers of students are selecting these institutions as their first choice. We have commented previously on near-term challenges faced by WeBuyCars (WBC), given a subdued pricing environment and growing costs due to accelerated new space rollout. We believe this management team is well-placed to navigate near-term growing pains. Investment in new space stands WBC in good stead to continue growing its business and take share in the years ahead.

The Financials Index declined marginally (-0.2%) for the quarter, as banks and insurers sold off in March (12-month returns are higher at 29%). Four of the five largest banks reported during the first quarter, with all of them showing pleasing topline performances, low credit losses, and decent cost control. If SA can sustain its recovery, this bodes well for retail credit extension and transactional activity. Standard Bank stood out for its ability to compound its Corporate Investment Bank (CIB) and African earnings despite strong performances in prior years. This has set it apart from the other full-service banks. Operational results from the insurance businesses were broadly in line with expectations, albeit bond yield volatility resulted in some unexpected capital charges. The SA insurers are grappling with the strong distribution and high customer engagement levels of the banks, as they increasingly converge on insurance. Most insurers are investing behind banking offers to try and better entrench their customer bases and protect future earnings. Our preferred exposure is the banks, with their high dividend yields and decent growth outlook.

We expect continued volatility under the Trump presidency. This will create opportunities from time to time for long-term investors. As with previous crises, we have added to stocks where we see compelling valuations and have high conviction. Whilst markets are likely to experience periodic fluctuations, we expect good long-term returns given the attractive upside in our basket of equities.