CORONATION

# DOMESTIC INFLATION PLUS STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 OCTOBER 2026

CORONATION
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## LONG TERM OBJECTIVE

The Coronation Domestic Inflation Plus Strategy 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 Strategy can invest up to 40% in Domestic Equities.

## 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 business 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 on a cleanslate basis based on the relative risk-adjusted upside to fair value of each underlying security. The Portfolio is constructed with no reference to a benchmark. We do not equate risk with tracking error, or divergence from a benchmark, but rather with a permanent loss of capital.

## STRATEGY RETURNS GROSS OF FEES

| Period | Strategy | Benchmark | Active Return |
|---|---|---|---|
| Since Inception (cumulative) | 125.0% | 43.2% | 81.8% |
| Since Inception p.a. | 10.8% | 4.6% | 6.2% |
| Latest 3 years p.a. | 15.4% | 3.9% | 11.5% |
| Latest 1 year | 7.2% | 5.2% | 2.0% |
| Year to date | 3.8% | 5.1% | (1.3)% |
| Latest 3 months | (0.7)% | 1.1% | (1.8)% |
| Month | 0.7% | 0.7% | 0.0% |

## ASSET ALLOCATION

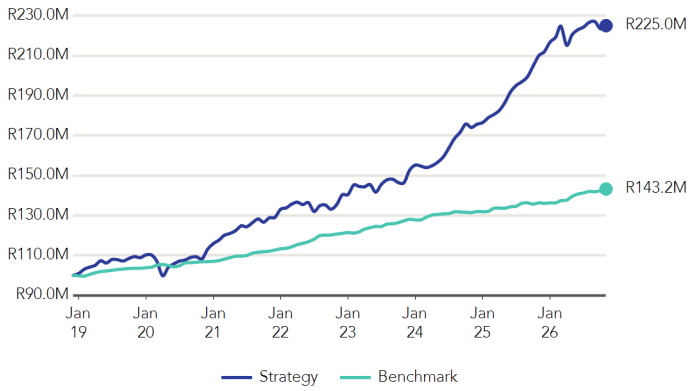
| Asset Type | % Strategy |
|---|---|
| Local Bonds | 40.2% |
| Local Equities | 36.0% |
| Cash | 16.2% |
| Local Property | 4.6% |
| Local Hedge Funds | 2.0% |
| Local Commodities | 1.0% |

## GENERAL INFORMATION

| | |
|---|---|
| Inception Date | 01 December 2018 |
| Strategy Size † | R405.7 million |
| Strategy Status | Open |
| Mandate Benchmark | Consumer Price Index (CPI) |
| Performance Target | CPI + 3% (gross of fees and taxes) over a rolling 3 year period |
| Dealing Frequency | Daily |
| Base Currency | ZAR |
| Regulation 28 | Yes |

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

## GROWTH OF R100M INVESTMENT




Benchmark: Consumer Price Index (CPI)

## TOP 10 HOLDINGS

| Holding | % Strategy |
|---|---|
| NEDBANK LTD FIX 7.750 030827 | 7.5% |
| STANDARD BANK OF SA FIX 7.250% 041226 | 5.0% |
| RSA FIX 8.500% 310137 | 4.7% |
| RSA ILB 1.875% 280233 | 3.3% |
| RSA FIX 7.000% 280231 | 3.0% |
| FIRSTRAND BANK LTD ILB 2.600% 310328 | 2.7% |
| RSA ILB 1.875% 310329 | 2.6% |
| RSA FIX 8.875% 280235 | 2.6% |
| RSA FIX 8.250% 310332 | 2.6% |
| STANDARD BANK GROUP LTD | 2.3% |

## MODIFIED DURATION

| | |
|---|---|
| Local Fixed Income Assets | 2.9 |

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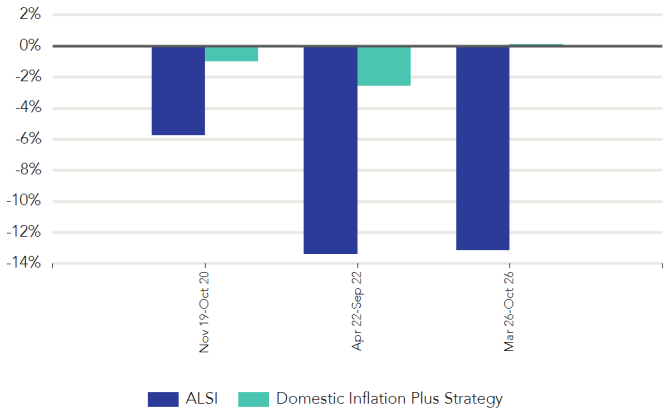
## PERFORMANCE & RISK STATISTICS (Since inception)

| | |
|---|---|
| Average Annual Return | 11.0% |
| Annualised Standard Deviation | 6.0% |
| Highest Monthly Return | 4.4% |
| Lowest Monthly Return | (6.7)% |
| % Positive Months | 75.8% |
| Downside Deviation | 3.4% |
| Maximum Drawdown | (9.5)% |
| Sortino Ratio | 1.9 |

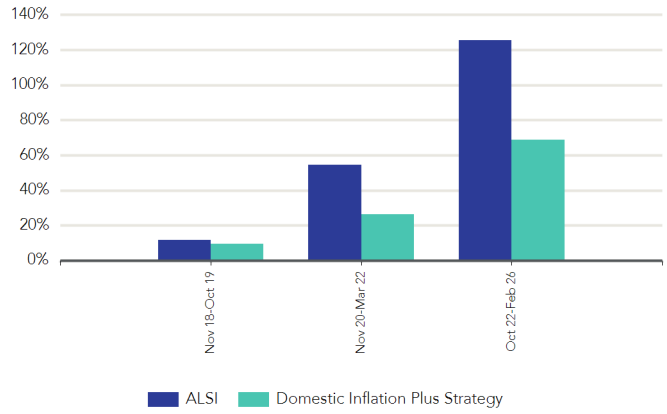
## EFFECTIVE MATURITY PROFILE*

| Term | % Strategy (incl. Cash) | % Strategy (excl. Cash) |
|---|---|---|
| 0 to 1 year | 17.7% | 17.2% |
| 1 to 3 years | 11.5% | 11.6% |
| 3 to 7 years | 15.4% | 15.5% |
| 7 to 12 years | 10.6% | 10.6% |
| Over 12 years | 2.0% | 1.9% |

## BEAR MARKETS




## BULL MARKETS




In the bar graphs above, we have divided the period since inception of our Strategy into bull and bear markets. The Strategy's returns are measured against the FTSE/JSE All Share index. The bear market graph clearly demonstrates how the Strategy has protected capital; its losses were much more shallow than the market during downswings. As evident from the second graph, the Strategy also enjoyed healthy upside participation in bull markets.

## PORTFOLIO MANAGERS



**Pallavi Ambekar** - BBusSc, CA (SA), CFA

Pallavi is Coronation's Head of Absolute Return and a portfolio manager in the South African equity team at Coronation. She is also responsible for analysing South African stocks. She joined Coronation in 2003 and has 24 years' investment experience.



**Charles de Kock** - BCom (Hons), MCom

Charles is a portfolio manager in the South African equity team at Coronation. He co-manages all Absolute Return Strategies. Charles joined Coronation in 2005 and has 41 years' investment experience.



**Neill Young** - BBusSc, CA (SA), CFA

Neill is an analyst and portfolio manager in the South African equity team at Coronation. He co-manages Coronation's Absolute Return Strategies along with the Financial Unit Trust and is responsible for analysing South African stocks. He joined Coronation in 1998 and has 28 years' investment experience.

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