

## LONG TERM OBJECTIVE

The Coronation Managed Strategy 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 (defined as at least 5 years). The Strategy is managed in accordance with the limits of Regulation 28 of the Pension Funds Act.

## 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)	6,789.1%	3,836.7%	2,952.4%
Since Inception p.a.	15.2%	13.1%	2.1%
Latest 20 years p.a.	13.0%	11.0%	2.0%
Latest 15 years p.a.	12.5%	11.2%	1.3%
Latest 10 years p.a.	10.9%	9.8%	1.1%
Latest 5 years p.a.	13.3%	12.0%	1.3%
Latest 1 year	15.4%	20.0%	(4.6)%
Year to date	(4.2)%	(1.2)%	(3.0)%
Month	(5.8)%	(5.9)%	0.1%

## PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	11.5%	11.0%
Maximum Drawdown	(23.5)%	(27.7)%

## ASSET ALLOCATION

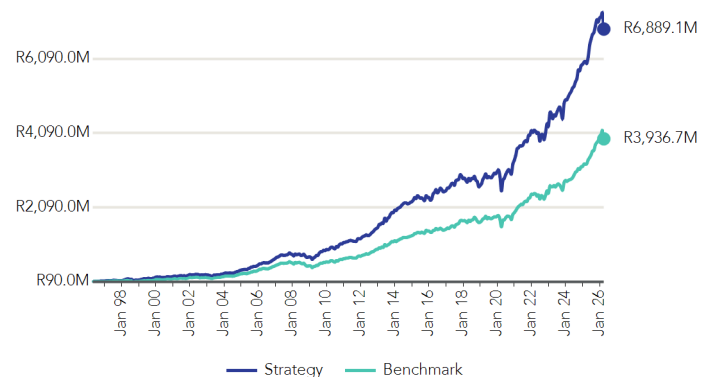
Asset Type	% Strategy
Local Equities	40.2%
Foreign Equities	30.1%
Local Bonds	12.3%
Local Real Estate	9.2%
Local Hedge	2.4%
Foreign Bonds	2.2%
Cash	1.8%
Local Commodities	0.9%
Foreign Real Estate	0.9%

## GENERAL INFORMATION

Inception Date	01 May 1996
Strategy Size †	R27.31 billion
Strategy Status	Open
Mandate Benchmark	Median of Peer Group
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: Median of Peer Group

## TOP 10 HOLDINGS

Holding	% Strategy
CORONATION GLOBAL EQUITY FUND OF FUNDS CLASS Z	10.9%
CORONATION GLOBAL EMERGING MARKETS EQUITY FUND	8.3%
CORONATION GLOBAL EQUITY SELECT FUND CLASS Z	6.3%
STANDARD BANK GROUP LTD	3.4%
RSA ILB 2.250% 310138	3.4%
NASPERS LTD	3.3%
GLENCORE PLC	2.5%
RSA FIX 6.500% 280241	2.2%
NORTHAM PLATINUM HOLDINGS LTD	2.0%
ANGLOGOLD ASHANTI PLC	1.9%

## EFFECTIVE MATURITY PROFILE\*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	(2.0)%	1.7%
1 to 3 years	2.1%	2.0%
3 to 7 years	2.5%	2.4%
7 to 12 years	4.6%	4.4%
Over 12 years	2.3%	2.3%

## MODIFIED DURATION\*

Portfolio	0.8
Fixed Income Assets	8.7

## PORTFOLIO MANAGERS



Neville Chester - BCom, CA (SA), CFA

Neville is a senior portfolio manager in the investment team at Coronation. He manages Coronation's Aggressive Equity and Managed Strategies along with the Top 20 and Market Plus unit trusts. He joined Coronation in 2000 and has 29 years' investment experience.



Nic Stein - BBusSc, CA (SA), CFA

Nic is an analyst and portfolio manager in the South African Equity team at Coronation. He co-manages Coronation's Aggressive Equity and Managed Strategies as well as the Multi-Strategy Arbitrage Hedge Fund. He is also responsible for analysing South African stocks. He joined Coronation in 2009 and has 17 years' investment experience.



Nicholas Hops - BBusSc, CFA

Nicholas is Head of South African Equity Research and a portfolio manager in the South African equity team at Coronation. He co-manages Coronation's Aggressive Equity and Managed Strategy, the Coronation Top 20, Market Plus, Industrial and Resources unit trusts. He joined Coronation in 2014 and has 12 years' investment experience.

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\* For SA Fixed Income investments only. Excludes international investments, equities, property and preference shares.

## REVIEW FOR THE QUARTER

Global markets continued their strong gains in 2026 until the escalation in the Middle East conflict caused a sell-off in March. Within this context, the Strategy declined 4.2% for the quarter, which brings 12-month returns to 15.4%. The Strategy is behind the median of the peers over these shorter term periods, however it remains comfortably ahead over more meaningful long term periods and since inception.

The MSCI All Country World Index ended the quarter down 3.2%, with the sell-off concentrated in March. Domestically, the South African equity market followed the global trajectory. After reaching a record high in February, the Capped All Share Index fell sharply in March, ending the quarter marginally down. The SA property index fell 5.3% for the quarter while the SA bond index fell 3.4% over the period.

2026 has seen a continuation of the volatility that has become all too familiar in recent years. After 2025 was characterised by tariff wars, geopolitical rivalries and artificial intelligence (AI), we have seen the geopolitical environment continue to drive asset prices in 2026. In just three months, the US has captured and arrested Venezuelan president Nicolás Maduro, threatened to take over Greenland, and escalated conflict in the Middle East, causing a global energy crisis in short order. The AI optimism of 2025 has also pivoted to fears about the impact AI may have on many industries and jobs, with the stock market brutally punishing perceived losers despite evidence to the contrary in some instances. Uncertainty is high regarding both the development of AI and the Middle East conflict. This provides opportunities in asset and security selection, with a healthy dose of humility about the wide range of outcomes in both instances.

Total Strategy equity exposure ended the quarter at 70.4% after adding to equities in the March sell-off. We concentrated our buying on global equities.

After a strong contribution in 2025, our global and emerging market equity selection was bruising to returns in the quarter. On balance, we believe that the market is overreacting in many instances, as is typical in periods of rapid technological change. Where uncertainty is too high, and we lack confidence in the long-term outlook for a particular holding, position sizing has been adjusted. We continue to find good value across a range of industries and geographies, with emerging markets being particularly attractive.

SA equity continues to be dominated by precious metals, with the rally continuing in the first two months of the year before a steep March sell-off. With benchmark weightings of the precious metals sector approaching 30%, we believe that the capital flowing out of the rest of the market has created excellent stock-picking opportunities. Whilst maintaining our focus on quality companies with compelling organic topline opportunities, we have increased our "SA Inc." overweight within our SA equity allocation, having gone overweight in the tail end of 2025. We are increasingly worried about the impact that higher energy prices and lower oil availability may have on inflation and consumer discretionary spending in SA. If anything, the threat of this scenario playing out justifies our approach of focusing on those quality companies. If the macroeconomic environment deteriorates, they should still be able to deliver.

Total bond exposure ended the quarter at 14.4%, with 12.2% in SA bonds. Our inflation-linked bonds (ILBs) accounted for 45% of our total SA bond exposure at the end of the quarter. As mentioned in previous quarters, the reduction in SA inflation, as well as a lower target band from the SARB, meant that ILBs were offering cheap inflation protection. On the back of the intensifying Middle East conflict, we have seen ILBs outperform nominals on a relative basis. We have continued to reduce our exposure to global corporate bonds, which now account for only 2% of the Strategy. Credit spreads have reduced dramatically, and risk-adjusted returns appear better elsewhere.

We have maintained a healthy weight in SA-listed property stocks at 9.2% of the Strategy. It is important to consider our SA property and SA bond holdings together, as property earnings tend to be sensitive to interest rates, and, at current levels, the income yields available in the property sector are particularly attractive.

Notwithstanding the uncertainty surrounding the conflict in the Middle East, we are optimistic about the future returns from the Strategy, especially in the context of having increased our exposure to what we believe to be cheap equities. Our cash balance remains immaterial given the opportunities available in risk assets.