

LONG TERM OBJECTIVE

The Coronation Global Absolute 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.

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)	3,064.2%	319.6%	2,744.6%
Since Inception p.a.	14.3%	5.7%	8.6%
Latest 20 years p.a.	12.5%	5.5%	7.0%
Latest 15 years p.a.	11.4%	5.0%	6.4%
Latest 10 years p.a.	9.7%	4.8%	4.9%
Latest 5 years p.a.	14.1%	5.1%	9.0%
Latest 3 years p.a.	17.2%	4.5%	12.7%
Latest 1 year	21.2%	2.9%	18.3%
Year to date	10.6%	2.3%	8.3%
Month	2.3%	0.2%	2.1%

ASSET ALLOCATION

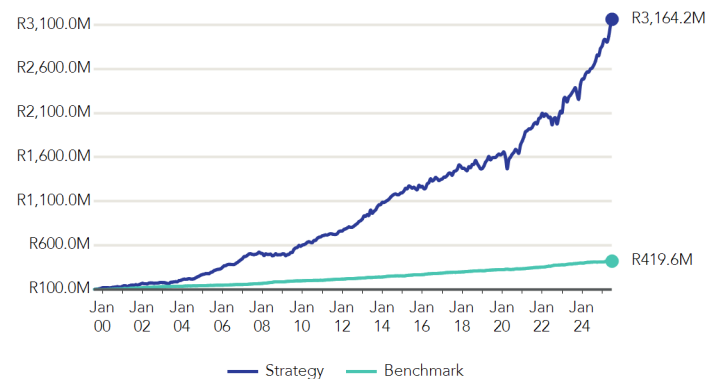
Asset Type	% Strategy
Foreign Equities	34.0%
Local Equities	26.1%
Local Bonds	21.5%
Cash	6.9%
Foreign Fixed Income	4.7%
Local Hedge Funds	2.5%
Local Commodities	2.2%
Local Property	2.1%

GENERAL INFORMATION

Inception Date	01 August 1999
Strategy Size †	R7.60 billion
Strategy Status	Open
Mandate Benchmark	Consumer Price Index (CPI)
Performance Target	CPI + 5% (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
CORONATION GLOBAL EQUITY FUND OF FUNDS CLASS Z	16.6%
PROSUS	4.5%
CORONATION GLOBAL EMERGING MARKETS EQUITY FUND	3.0%
RSA ILB 1.875% 280233	2.8%
RSA FIX 6.250% 310336	2.7%
RSA FIX 8.875% 280235	2.7%
US TBILL 0.000% 310725	2.7%
RSA ILB 1.875% 310329	2.1%
FIRSTRAND LTD	1.9%
CORONATION GLOBAL CAPITAL PLUS CLASS Z	1.9%

MODIFIED DURATION*

Portfolio	1.1
Fixed Income Assets	4.3

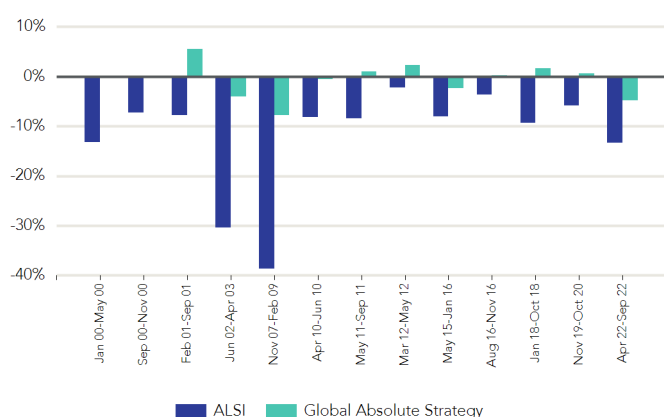
PERFORMANCE & RISK STATISTICS (Since inception)

Average Annual Return	14.6%
Annualised Standard Deviation	7.9%
Highest Monthly Return	8.8%
Lowest Monthly Return	(8.1)%
% Positive Months	71.4%
Downside Deviation	3.3%
Maximum Drawdown	(11.5)%
Sortino Ratio	1.9

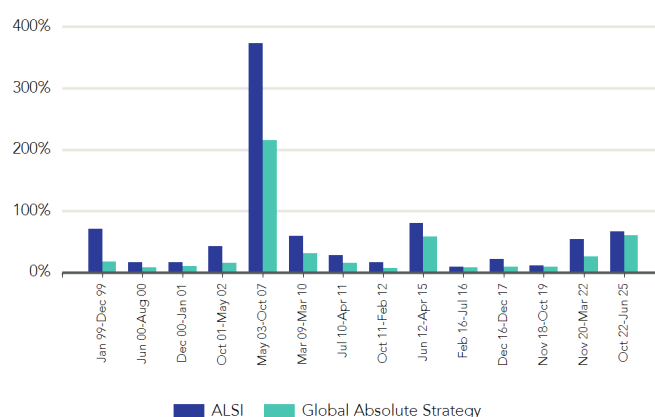
EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	3.4%	2.6%
1 to 3 years	2.7%	2.7%
3 to 7 years	7.3%	7.4%
7 to 12 years	9.3%	9.4%
Over 12 years	2.2%	2.2%

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 Head of Absolute Return at Coronation and a portfolio manager across all strategies in this unit. She also has research responsibility for certain large capitalization shares listed on the JSE. She has 21 years' investment experience.



Charles de Kock - BCom (Hons), MCom

Charles joined Coronation in 2005 and is a co-portfolio manager across all strategies within the Absolute Return investment unit. He also co-manages the Coronation Balanced Defensive and Capital Plus unit trust funds. Charles has 38 years' investment experience.



Neill Young - BBusSc, CA (SA), CFA

Neill joined Coronation in 1998 and co-manages Coronation's Absolute Return Strategies as well as the Coronation Financial, Balanced Defensive and Capital Plus unit trust funds. Neill has 26 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

The first half of this year has been a very volatile period, punctuated most notably by a significant shift in US trade policy introduced on April 2nd (so-called "Liberation Day") and bookended with a US attack on Iranian nuclear facilities dubbed "Operation Midnight Hammer". The first almost 200 days of the Trump 2.0 presidency have been fraught with uncertainty and forecast risk. Navigating this turbulence has required stringent discipline in sticking to our proven investment process and philosophy. Despite the extreme policy uncertainty, equity markets recovered initial losses quickly after April 2nd.

In the above-mentioned context, our Strategy has delivered pleasing performance for clients over all meaningful time periods, well ahead of its inflation plus target.

South African (SA) fixed income instruments have been a key positive contributor to the Strategy's returns, benefiting from yield compression and a lowered inflation outlook. We continue to think a healthy exposure to SA fixed income is appropriate for our Strategy, given our real return mandate. Inflation remains well anchored and will be helped by lower oil prices, a stronger rand and modest food inflation. While optimism is growing in the near term for a lowered inflation target, we remain cautious on the outlook for Government's debt burden and are managing longer term risks in our allocation through a combination of containing duration and having a moderate exposure to inflation-linked bonds (ILBs) given their attractive valuation and offsetting risk attributes.

The Strategy also benefited from its exposure to risk assets, in particular global and local equity asset classes. Global equity markets were tricky to navigate, with elevated starting valuation levels in the US and a steep sell-off post "Liberation Day". While we initially reduced our equity exposure post the April 2nd announcement, the subsequent sharp de-rating in global markets created an attractive buying opportunity, which we took advantage of in the Strategy, resulting in a net increase in equity exposure. The Strategy's offshore allocation is still largely skewed towards equities, where we continue to observe attractive return opportunities, notwithstanding elevated risks and uncertainties. We are mindful of the downside, but we believe this allocation provides the necessary diversification for our clients. We have covered a portion of this global equity allocation with put protection. During the second quarter, we also removed all remaining currency locks. Rand strength has mainly been driven by a weak dollar rather than any meaningful improvement in our local fundamentals. With the rand/dollar now closer to fair value, we have aligned gross and net offshore exposure.

The YTD rally in local equity markets has been driven by specific sectors, with outperformance from gold, platinum, telecommunication stocks and global counters. While market beta was supportive, our equity selection added to client returns. The Strategy benefited from an allocation to rand-hedge stocks (Richemont, ABI and Naspers) and PGM counters (Northam Platinum). In the early April equity market sell-off, we took the opportunity to add Capitec to our Strategy. This is a stellar business that has delivered strong market share gains by increasing digital engagement with its transacting clients and offering broader value-added services. While the multiples look full in the near term, we think the bank will enjoy superior long-term earnings growth as it penetrates adjacent segments in business banking.

Contribution to performance has also come from the smaller allocations in the Strategy – namely SA property, SA cash, offshore cash and offshore fixed income. As a collective, these exposures provide beneficial diversification in the Strategy and add to the robustness of Strategy returns.

Within SA equities, the Strategy has sizeable exposure to the global stocks listed locally. These holdings are both independently attractive and provide diversification away from a challenged domestic economy. Large holdings include Quilter, Naspers, Richemont, Mondi, and BidCorp.

The Strategy's domestic stock selection continues to be focused on picking winning franchises that can thrive despite a tough economy. We remain committed to this strategy as the low-growth economy drives a widening gap between local winners and losers. As anaemic revenue growth and rising costs have eroded profitability, weaker businesses have thrived on investment spending. Businesses that consistently invest in their operations should gain market share, leading to faster revenue growth. This enhances the virtuous flywheel (and their ability to invest further). We expect these businesses to improve as they grow larger, as scale reduces the cost of customer acquisition and the cost to serve. If these businesses continue to reinvest in pricing, their competitive moat should widen.

Furthermore, we continue to debate the profound impact AI will have on the way we work and on the companies we invest in. Use cases and adoption continue to grow daily. Winning businesses are investing in AI at scale, and this is expected to deliver an outsized reward in the years to come, further widening the gap between winners and losers.

Considering the escalation in tension in global conflict zones, as well as the domestic problems between the two largest parties in the GNU, global and domestic financial markets performed remarkably well in the first half of the year. We are not complacent about the elevated risk profile as we look out into the second half of 2025. Our focus continues to be on our clear valuation approach, resulting in well-diversified Strategy's across asset classes, geographies, and sectors. It is an approach in which we firmly believe. As the past quarter once again demonstrated, attempting to forecast macro events or their impact on markets is an exercise in futility. The unpredictability of macro events and policy decisions under President Trump makes top-down investing even more difficult than usual.

Our successful long-term track record demonstrates that we have the capability to manage Strategy's responsibly in these turbulent times. Our success in delivering good client outcomes stems from our ability to work as an integrated team to identify the best investment opportunities and act quickly to take advantage of them. We continue to be responsible stewards of your capital, with the primary focus being delivering on the targeted mandate return in a wide range of economic outcomes.