

LONG TERM OBJECTIVE

The Coronation Aggressive Equity Strategy is our aggressive offering within our equity product range. The Strategy is constructed on a clean-slate basis with no 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 on a clean-slate 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 the probability of a permanent loss of capital.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	2,565.3%	1,804.6%	760.7%
Since Inception p.a.	16.3%	14.5%	1.8%
Latest 20 years p.a.	14.3%	12.6%	1.7%
Latest 15 years p.a.	12.9%	11.7%	1.2%
Latest 10 years p.a.	12.2%	9.7%	2.5%
Latest 5 years p.a.	20.2%	18.8%	1.4%
Latest 1 year	19.9%	28.1%	(8.2)%
Year to date	23.3%	30.9%	(7.6)%
Month	3.5%	6.5%	(3.0)%

TOP 10 HOLDINGS

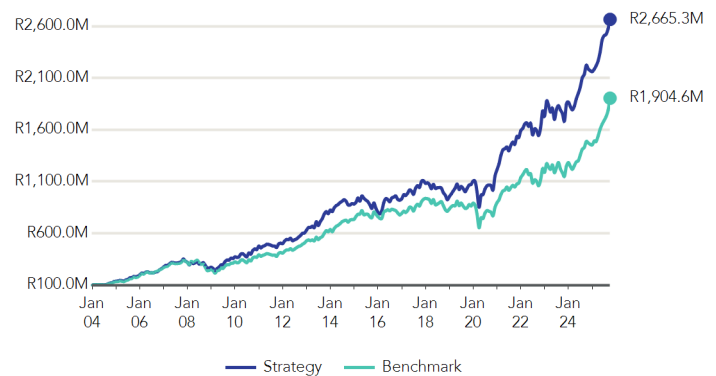
Holding	% Strategy
PROSUS	8.9%
NASPERS LTD	8.3%
STANDARD BANK GROUP LTD	6.9%
ANGLOGOLD ASHANTI PLC	5.7%
QUILTER PLC	4.4%
MTN GROUP LTD	3.8%
ANHEUSER-BUSCH INBEV SA/NV	3.5%
NORTHAM PLATINUM HOLDINGS LTD	3.4%
GLENCORE PLC	3.3%
NEDBANK GROUP LTD	3.0%

GENERAL INFORMATION

Inception Date	01 January 2004
Strategy Size †	R21.72 billion
Strategy Status	Open
Mandate Benchmark	JSE Capped Shareholder Weighted Index (Capped SWIX*)
Dealing Frequency	Daily
Base Currency	ZAR

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

GROWTH OF R100M INVESTMENT



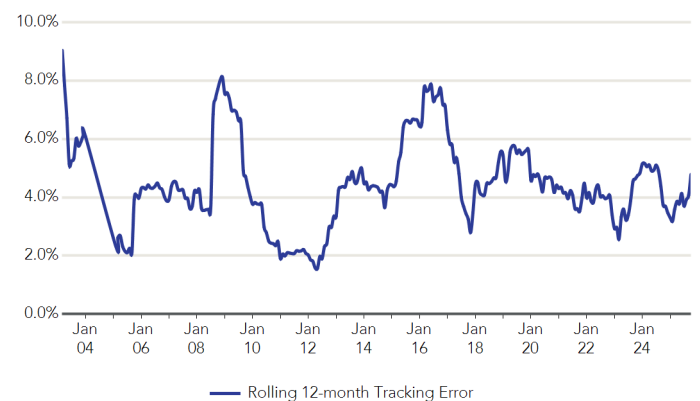
Benchmark: JSE Capped Shareholder Weighted Index (Capped SWIX*)

*FTSE/JSE Capped Shareholder Weighted Index from 01 May 2017. Previously 50 Low Resources (inception to 31 January 2002) and FTSE/JSE Shareholder Weighted Index (01 February 2002 to 30 April 2017).

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Average Annual Return	17.5%	15.7%
Tracking Error	4.7%	
Information Ratio	0.4	
Annualised Standard Deviation	14.3%	14.4%
Maximum Drawdown	(33.2)%	(37.0)%

TRACKING ERROR



SECTOR EXPOSURE

Sector		% Strategy
Financials		29.7%
Basic Materials		22.6%
Technology		20.4%
Consumer Services		12.9%
Consumer Goods		6.5%
Telecommunications		3.8%

Sector		% Strategy
Industrials		2.0%
Health Care		1.7%
Derivatives		0.3%
Interest Bearing		0.1%

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 28 years investment experience.



Nic Stein - BBusSc, CA (SA), CFA

Nic is a portfolio manager and analyst within the Coronation investment team with 16 years' investment experience. He co-manages the Coronation Aggressive Equity and Managed strategies as well as the Coronation Resources, Top 20 and Market Plus unit trust funds.



Nicholas Hops - BBusSc, CFA

Nicholas is Head of South African Equity Research and a portfolio manager at Coronation. He co-manages the Market Plus, Industrial and Resources unit trust funds. Nicholas joined Coronation in 2014 and has 11 years' investment experience.

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REVIEW FOR THE QUARTER

The Strategy returned over 6% for the quarter however this was below the benchmark return. Shorter-term performance has been disappointing relative to the benchmark, explained by our underweight position in gold shares (discussed later). It is worth flagging the concentrated nature of market returns over the last year. The FTSE/JSE Capped SWIX Index is up 28% over the last 12 months. If one excludes gold share performance, the Index return was 15.6%. When excluding both gold and PGM shares, the Index return amounts to “only” 10.2%.

Our overweight position in Northam Platinum contributed to performance, while our underweight position in Gold Fields and overweight position in Mondi detracted from performance.

We note a significant investment conundrum for both gold and gold equities. Both the gold price and South African (SA) gold miners are trading at all-time highs, and commentary and news headlines suggest we are in the “frothy phase” of a bull market. The bull case for gold rests primarily on increasing systemic risks and consistent, price-insensitive central bank buying. This buying activity is a reaction to the US weaponisation of the dollar, following Russia’s invasion of Ukraine, coupled with fears that future administrations might further undermine the dollar or attack the independence of the Federal Reserve. Other major drivers include increasing global geopolitical risk, such as brittle US-China relations, and the slow-brewing crisis associated with overindebted sovereigns globally. Given these accumulating risks, gold is seen as one of the very few legitimate monetary assets and hedges, which remains under-owned by global investors looking for an alternative to fiat currency.

Despite the compelling bullish arguments, we maintain a cautious stance. Historically, every comparable gold bull market has been followed by a downcycle, resulting in steep losses for shareholders. Costs tend to follow prices higher, albeit with a lag. We expect the same from this cycle. Furthermore, SA gold miners are characterised as inherently poor businesses due to being high-cost and having short mine lives that necessitate ongoing capital expenditure. These companies have historically been poor stewards of shareholder capital, exhibiting poor cost control, engaging in value-destructive pro-cyclical corporate action, and failing to return cash to shareholders consistently. This informs our material underweight in gold equities. We are managing the overall size of the underweight given the range of the outcomes for the metal. Our preferred exposure remains AngloGold.

We have reduced our Anglo American holding. Anglo American has been a strong performer, with the market crediting it for its increased copper exposure and successful implementation of its simplification strategy. Anglo American recently announced a merger bid with Teck Resources (a Canadian-listed primarily copper producer). We view this bid as a rare “unicorn” in mining M&A: a deal in the right commodity, at a fair price, with legitimate operational synergies. We have increased our position in Glencore. Glencore has lagged due to production mishaps in its copper assets, as well as a lower thermal coal price. We see both as temporary, with the share price discounting continued bad news.

Two new additions to the Strategy are MTN (a past holding) and Bytes Technology Group (Bytes, a new holding). MTN’s Nigeria and Ghana businesses are performing strongly, supported by robust data demand, disciplined commercial pricing, and healthy competition dynamics. MTN has enviable competitive positions in both markets. In Nigeria, a regulatory-backed price increase provides a further tailwind. Whereas a strong dollar has acted as a headwind for Nigeria’s basket of African currencies, this headwind has become a tailwind as the US dollar continues its weakening trend. The share price has pulled back after results, creating an opportunity to rebuild our position.

Bytes represents a high-quality play on structural growth in cloud computing, cybersecurity, and AI-driven IT spend, particularly within the UK’s mid-market and public sectors. The company’s recent sales force realignment and segmentation exercise are strategically aimed at expanding capacity and deepening specialisation, which are critical levers to capture rising demand in Microsoft’s Cloud Solution Provider and AI ecosystems. Despite a softer start to FY26, the underlying pipeline health remains strong. We view the recently announced share buyback as a positive capital allocation decision. With execution improvements under a refreshed management structure and exposure to the fastest-growing areas of enterprise IT, Bytes is well-positioned to sustain mid-teens profit growth over time and re-rate as operational confidence rebuilds.

South African (SA) economic growth remains lacklustre. Despite low inflation and interest rate cuts, consumer demand has disappointed. A contained oil price and rand strength could support further interest rate cuts. The SA Reserve Bank has signalled a desire to permanently lower the inflation target to 3% (from a 3-6% range). An exception to generally weak consumer demand has been the explosion in online gambling, facilitated by increased ease of access. This highly unproductive spending is concerning, given that it has little lasting benefit flowing to either the consumer or the local economy. Our base case is a sustained low-growth environment given SA’s structural impediments to growth. Poor service delivery and challenged infrastructure weigh on the cost of doing business. Deteriorating educational outcomes undermine productivity. Factors such as these are eroding competitiveness. Attempts to intervene are yielding some results in rail and electricity, where performance has improved from recent lows.

For many domestic companies, their ratings have become more attractive. We suspect one reason is that many players buying gold equities are funding their buying from domestic shares. We have used this opportunity to add to the SA-focused Strategy names.

Outside of gold shares, we are finding good investment opportunities at attractive valuations. This should bode well for future Strategy returns.