

LONG TERM OBJECTIVE

The Coronation Domestic Houseview Strategy is a clean slate fully discretionary portfolio, which represents our best investment view for a domestic balanced portfolio in all major domestic asset classes – equities, property, bonds and cash. The Strategy's objective is to deliver the best risk-adjusted returns available across all the listed asset classes. In achieving this it aims to outperform the benchmark 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. The Portfolio is constructed on a clean-slate basis based on the relative risk-adjusted upside to fair value of each underlying asset. 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)	4,388.1%	2,505.1%	1,883.0%
Since Inception p.a.	14.7%	12.5%	2.2%
Latest 20 years p.a.	13.1%	11.3%	1.8%
Latest 15 years p.a.	11.9%	10.7%	1.2%
Latest 10 years p.a.	10.8%	9.7%	1.1%
Latest 5 years p.a.	18.1%	16.1%	2.0%
Latest 1 year	20.7%	22.7%	(2.0)%
Year to date	20.0%	24.0%	(4.0)%
Month	3.3%	5.1%	(1.8)%

PERFORMANCE & RISK STATISTICS (Since inception)

	Strategy	Benchmark
Annualised Standard Deviation	12.5%	12.2%
Maximum Drawdown	(29.9)%	(32.3)%

ASSET ALLOCATION

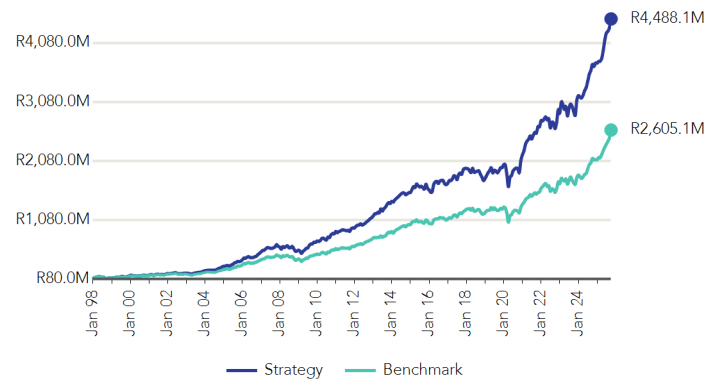
Asset Type	% Strategy
Equities	69.5%
Bonds	18.4%
Property	7.0%
Cash	3.3%
Hedge Funds	1.8%

GENERAL INFORMATION

Inception Date	01 January 1998
Strategy Size †	R19.17 billion
Strategy Status	Open
Mandate Benchmark	65% FTSE/JSE Africa Capped Shareholder Weighted Index (Capped SWIX); 25% JSE ASSA All Bond Index (ALBI) and 10% Short Term Fixed Interest 3-month Index (STeFI 3m)
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: 65% FTSE/JSE Africa Capped Shareholder Weighted Index (Capped SWIX); 25% JSE ASSA All Bond Index (ALBI) and 10% Short Term Fixed Interest 3-month Index (STeFI 3m)

TOP 10 HOLDINGS

Holding	% Strategy
NASPERS LTD	7.5%
PROSUS	5.2%
RSA ILB 1.875% 280233	4.1%
CAPITEC BANK HOLDINGS LTD	4.0%
STANDARD BANK GROUP LTD	3.8%
NORTHAM PLATINUM HOLDINGS LTD	3.6%
QUILTER PLC	3.5%
ANGLOGOLD ASHANTI PLC	3.5%
CIE FINANCIERE RICHEMO-A REG	3.2%
GOLD FIELDS LTD	2.9%

EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	3.4%	2.3%
1 to 3 years	0.4%	0.4%
3 to 7 years	4.6%	4.7%
7 to 12 years	8.7%	8.8%
Over 12 years	4.6%	4.6%

MODIFIED DURATION*

Portfolio	1.1
Fixed Income Assets	5.2

PORTFOLIO MANAGERS



Karl Leinberger - BBusSc, CFA

Karl is Chief Investment Officer (CIO) and manages Coronation's Houseview Strategies. He joined Coronation in 2000 and became Head of Research in 2005. In 2008, he was appointed as CIO. Karl has 25 years' investment experience.



Sarah-Jane Alexander - BBusSc, CFA

Sarah-Jane manages assets within the Coronation Houseview Equity Strategy. She also co-manages Coronation's Houseview balanced strategies and has research responsibilities across a range of financial services and hospital stocks, among others. Sarah-Jane joined Coronation in 2008 as an equity analyst and has 21 years' investment experience.

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

REVIEW FOR THE QUARTER

The Strategy returned 5.7% for the quarter (Q3-25) and 20.2% year-to-date (YTD), supported by a significant allocation to equities.. The Strategy has performed well over meaningful periods, both in absolute terms and relative to the benchmark.

Having risen steadily over the last two years, the gold price rose 17% in the third quarter to an all-time high. The gold price has now gained a material 47% YTD as investors question the US dollar's status as global reserve currency and seek a viable alternative. Concerns include growing geopolitical tensions, the weaponisation of the dollar-based global payments system, increasingly unpredictable government policy, a highly indebted sovereign, and challenges to the Federal Reserve's independence. Growing gold purchases by both central banks and retail investors drove rapid appreciation in the gold price.

Markets rose despite concerns of tariff disruption and slower growth. The MSCI World returned 7% in USD for the quarter (+17% YTD). Liberation Day tariffs, whilst disruptive to supply chains, have yet to cause the feared inflation or growth slowdown. The S&P 500 Index rose 8% in the quarter (+15% YTD) on the back of a thus-far resilient US economy and surging investment in artificial intelligence (AI). AI leadership sits at the heart of US-China rivalry, with the US's chip ban on exports to China designed to frustrate Chinese efforts. China is delivering impressive innovation across a range of industries and is leading in areas such as clean energy, battery storage and electric vehicles. Emerging markets performed strongly (+11% Q3-25, +28% YTD). A weaker US dollar provided further support to these returns (with the US Dollar Index down ~8% YTD). Despite this recent strength in emerging markets, a weak decade prior to this means they continue to trade cheaply.

The Bloomberg Barclays Global Aggregate Bond Index (USD) rose a more muted 1% during the quarter (+8% YTD). US bond yields benefited from expectations of further rate cuts by the Fed. The One Big Beautiful Bill Act, signed early in the quarter, is expected to widen the US deficit further. This will increase funding needs. High levels of sovereign indebtedness, combined with a lack of political will to rein in deficits, remain a challenge across many developed markets.

In SA, the FTSE/JSE All Bond Index rose 7% in the quarter (+14% YTD) on the back of improved terms of trade (aided by soaring metal prices) and low inflation. The SA Reserve Bank has signalled a desire to permanently lower the inflation target to 3% (from a 3-6% range). The rand rose 9% YTD relative to a generally weaker dollar. The rand's strength and the low oil price should support further interest rate cuts.

SA economic growth remains poor. Despite low inflation and some interest rate cuts, consumer demand has disappointed. An exception to generally weak consumer demand has been the explosion in online gambling, facilitated by increased ease of access. This unproductive spending is concerning, given that little lasting benefit flows 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. However, the muted economic growth outlook means debt-to-GDP is likely to continue deteriorating over the longer term. Given these longer-term concerns, the Strategy remains underweight SA government bonds.

The Strategy's preferred domestic asset remains SA equities, which offer decent medium-return prospects. The FTSE/JSE Capped Shareholder Weighted Index (CSWIX) rose 13% during the quarter, bringing YTD performance to 31%. Precious metal miners yet again contributed the bulk of these returns with the Resources Index rising 47% (now up a staggering 105% YTD). More subdued returns were on offer elsewhere this quarter, with the Industrials Index up 4% (+20% YTD) and financials (with higher domestic exposure) flat for the quarter (+0.3% Q3-25, +7% YTD).

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. The largest amongst these include Naspers, Quilter, and Richemont. In Naspers, we have high conviction in the prospects of its core Tencent investment. Tencent's gaming and advertising businesses are growing strongly, whilst fintech is picking up. This topline growth is driving widening margins. At a Naspers/ Prosus level, investors benefit from an additional pick up from the accretive share buyback programme. Quilter benefits from structural growth in the UK retail wealth management market. Its investment in its platform is generating good returns as it steadily gains market share. Management is astute and well poised to continue compounding these gains.

We have previously discussed the focus within the domestic stock universe 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. Our list of winners remains unchanged, and includes businesses such as WeBuyCars, PSG Konsult, ADvTECH, Shoprite, and Capitec. All came through the results season demonstrating volume share gains in a tough economy. Growing scale is reducing the cost of customer acquisition and the cost to serve. High levels of reinvestment should enable these businesses to compound earnings ahead of the market in the years ahead.

The Strategy has held an underweight position in the resources sector for some time. A meaningful part of this is in the gold shares, which have benefited from a rapid rise in the metal price over the past 12 months. This underweight has detracted from performance. In these uncertain times, there is a wide range of possible outcomes, making it easy to construct compelling bear and bull cases. Whilst the current gold price trades at record highs, we could see meaningfully higher gold allocations across global Strategys in the years ahead. Our holdings in gold shares recognise the possibility of such an outcome. However, our base case remains a decline in the gold price over the long term. Further considerations include the fact that gold miners have historically been poor at returning capital to shareholders over time, and that costs have compounded at high levels in periods in which the gold price was strong. We remain concerned about the capital losses that shareholders in gold shares would incur if some of the froth in the sector dissipates. Hence, we remain cautious.

The Strategy built a position in the platinum group miners in the second half of 2024. The investment was premised on tighter supply-demand fundamentals. This has delivered good returns over the period. We have taken some profit in the sector.

The FTSE/JSE All Property Index, which is benefiting from lower interest rates, rose 5% for the quarter (+12% YTD). The Strategy has retained its holding in certain SA property stock picks despite their decent returns. At these levels, the counters still offer attractive total return prospects (aided by the high dividend yields) and diversification (away from domestic sovereign bonds).

Outlook

The Strategy remains focused on generating compelling long-term risk-adjusted returns. It continues to have a meaningful allocation to equities. We believe the high equity allocation, will serve the Strategy well in delivering on its long-term return expectations.