

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)	3,224.5%	322.9%	2,901.6%
Since Inception p.a.	14.3%	5.7%	8.6%
Latest 20 years p.a.	12.3%	5.4%	6.9%
Latest 15 years p.a.	11.2%	5.0%	6.2%
Latest 10 years p.a.	10.4%	4.8%	5.6%
Latest 5 years p.a.	14.8%	4.9%	9.9%
Latest 3 years p.a.	18.9%	4.1%	14.8%
Latest 1 year	20.5%	3.1%	17.4%
Year to date	16.2%	3.1%	13.1%
Month	2.4%	(0.1)%	2.5%

ASSET ALLOCATION

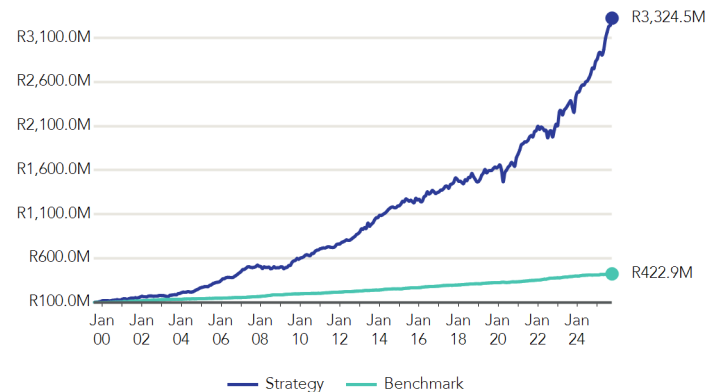
Asset Type	% Strategy
Foreign Equities	30.9%
Local Equities	26.8%
Local Bonds	23.1%
Cash	6.3%
Foreign Fixed Income	4.4%
Local Property	3.2%
Local Hedge Funds	2.5%
Local Commodities	2.4%
Foreign Property	0.4%

GENERAL INFORMATION

Inception Date	01 August 1999
Strategy Size †	R7.95 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	15.6%
PROSUS	4.8%
RSA ILB 1.875% 280233	3.7%
CORONATION GLOBAL EMERGING MARKETS EQUITY FUND	3.1%
US TBILL 0.000% 161025	3.0%
RSA ILB 1.875% 310329	2.9%
RSA FIX 6.250% 310336	2.6%
RSA FIX 8.875% 280235	2.6%
CORONATION GLOBAL CAPITAL PLUS CLASS Z	1.8%
FIRSTRAND LTD	1.6%

MODIFIED DURATION*

Portfolio	1.2
Fixed Income Assets	4.8

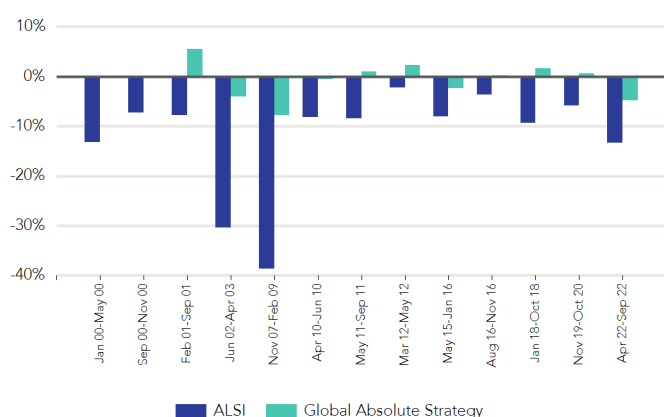
PERFORMANCE & RISK STATISTICS (Since inception)

Average Annual Return	14.7%
Annualised Standard Deviation	7.8%
Highest Monthly Return	8.8%
Lowest Monthly Return	(8.1)%
% Positive Months	71.7%
Downside Deviation	3.3%
Maximum Drawdown	(11.5)%
Sortino Ratio	1.9

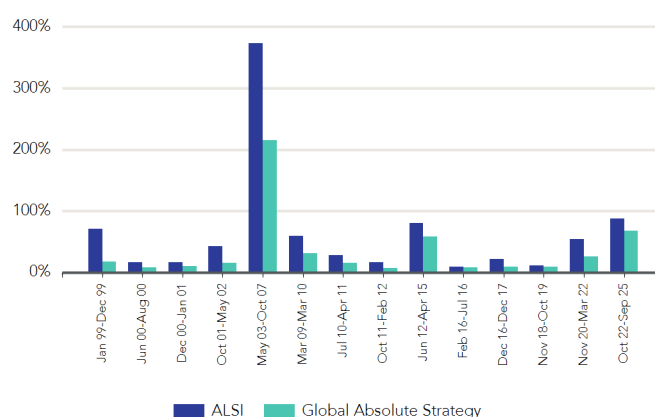
EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	1.8%	1.1%
1 to 3 years	2.1%	2.1%
3 to 7 years	8.1%	8.1%
7 to 12 years	11.0%	11.1%
Over 12 years	2.0%	2.1%

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 23 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 40 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 27 years' investment experience.

REGULATORY DISCLOSURE AND DISCLAIMER

The content of this document and any information provided may be of a general nature and is not based on any analysis of the investment objectives, financial situation or particular needs of any potential investor. As a result, there may be limitations as to the appropriateness of any information given. It is therefore recommended that any potential investor first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit the risk profile of the potential investor prior to acting upon such information and to consider whether any recommendation is appropriate considering the potential investor's own objectives and particular needs. Neither Coronation Fund Managers Limited nor any subsidiary of Coronation Fund Managers Limited (collectively "Coronation") is acting, purporting to act and nor is it authorised to act in any way as an adviser. Any opinions, statements or information contained herein may change and are expressed in good faith. Coronation does not undertake to advise any person if such opinions, statements or information should change or become inaccurate. This document is for information purposes only and does not constitute or form part of any offer to the public to issue or sell, or any solicitation of any offer to subscribe for or purchase an investment, nor shall it or the fact of its distribution form the basis of, or be relied upon in connection with any contract for investment. The value of the investments may go down as well as up and past performance is not necessarily a guide to future performance. Coronation Fund Managers Limited is a full member of the Association for Savings and Investment SA (ASISA). Coronation Asset Management (Pty) Ltd (FSP 548), Coronation Investment Management International (Pty) Ltd (FSP 45646) and Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893) are authorised financial services providers. Coronation Life Assurance Company Limited is a licenced insurer under the Insurance Act, No.18 of 2017.

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

REVIEW FOR THE QUARTER

The third quarter was marked by a renewed and accelerated advance in global asset markets, reflecting resilient investor sentiment despite an increasingly complex geopolitical and policy backdrop. Markets largely looked through ongoing conflicts in Ukraine and the Middle East, the implementation of Liberation Day tariffs, and growing unpredictability within the US administration. However, rising unease over elevated sovereign debt levels in several developed economies — particularly the UK and France — remains a structural concern that could temper the durability of the rally.

Equity markets posted strong gains, with the MSCI All Country World Index advancing 8% for the quarter, bringing the year-to-date (YTD) return to 18%. Emerging markets outperformed, with the MSCI Emerging Markets Index up 11% for the quarter and 28% YTD. Global bonds also participated in the rally as the US Federal Reserve delivered its first rate cut of the year and inflation pressures remained contained. The FTSE World Government Bond Index rose 7% YTD. These returns, all measured in US dollars, were further supported by a roughly 7% depreciation in the dollar over the year.

One indicator suggesting that underlying risks in the global financial system may be greater than headline market performance implies is the gold price, which surged 17% during the quarter and is now up 47% YTD. This represents the strongest annual gain in 46 years — and the year is not yet complete. At around US\$4,000 per ounce, gold has surpassed its previous real peak last seen during the geopolitical and economic turmoil of 1980, underscoring continued investor demand for safe-haven assets amid lingering uncertainty.

South African 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.

Against this backdrop, risk assets continue to benefit from supportive liquidity and easing policy conditions; however, elevated valuations and persistent macroeconomic vulnerabilities argue for maintaining a disciplined and selective approach to Strategy positioning.

Domestically, our equity market has benefited from the rise in precious metals prices, driving up the shares of both the gold and PGM miners. These two sectors combined now account for 25% of our market and, along with telecommunication shares and Naspers/Prosus have been the main contributors to this year's returns. The Capped SWIX Index was up 13% in the quarter and 31% YTD. South African fixed income assets also performed strongly during the quarter, with the yield on the 10-year government bond continuing to tighten by a further 80 basis points due to increased foreign buying, constrained inflation, and expectations of further rate cuts. The All Bond Index was up 7% in the quarter, taking the YTD return to 14%.

The supportive market backdrop has driven strong Strategy returns over the quarter (c.5%) and past 12 months (c.20%), well ahead of the inflation target. Importantly, longer-term returns over all meaningful time periods are ahead of the target.

Domestic bonds were the largest contributor to Strategy returns from the quarter, benefiting from the tightening in yields referred to above. The real yields on offer in nominal bonds remain attractive despite this. However, our ongoing concerns around longer-term fiscal sustainability mean that we continue to adopt a cautious approach to duration in our bond holdings. Inflation-linked bonds (ILBs) have underperformed nominal bonds as inflation expectations have drifted downwards, and we have continued to add to the Strategy's holding of these instruments during the quarter. Real yields in ILBs remain attractive above 4%, and breakeven inflation at the shorter end seems to us on the optimistic side at mid-3%. The split between nominal and ILBs in the SA fixed income portion of the Strategy now sits at roughly 60%/40%. We hold no global sovereign bonds in the Strategy.

Both global and domestic equities also contributed strongly to returns in the quarter as equity markets continued to rally. The Coronation Global Equity Select Strategy is one of the key building blocks of our offshore equity component and has delivered an exceptionally strong 12-month performance, returning 46% in USD. More recently, the Coronation Global Emerging Markets Strategy has also delivered very strong performance (33% YTD in USD) as interest in attractively valued emerging market businesses has finally started to return. Emerging market equities have underperformed for many years, and despite the recent rally, have a long way to go to catch up with their developed market peers. While still heavily driven by technology stocks, the market breadth of these rallies has increased as the year progressed. We continue to see attractive stock picking opportunities across several markets but are conscious of index multiples (the US in particular) becoming increasingly stretched. Consequently, we have reduced global equity exposure in the Strategy with equity exposure at approximately 30% while total offshore exposure reduced to 40%. In addition, we continue to hold put protection on approximately 1/3rd of the Strategy's global equity exposure.

The breadth of domestic equity returns has, in contrast, been remarkably narrow, driven largely by the precious metals. We hold both equity and ETF positions in gold and platinum, which combined make up approximately 2.5% of the Strategy. Holdings in Naspers/Prosus, Northam Platinum, and AngloGold Ashanti contributed to returns, while holdings in packaging business Mondi and global brewer ABI detracted. 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 holding remains Naspers where 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.

We note a significant investment conundrum for both gold and gold equities. Both the gold price and South African 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.

During the quarter, we added selectively to domestic property stocks where we feel that the combination of yield and income growth is sufficiently attractive. Total property exposure (domestic and global) at quarter end sits at approximately 4% of Strategy.

To conclude, the performance of global asset markets so far this year can at times seem at odds with the growing vulnerabilities around the world. Significant military conflicts continue, sovereign debt levels around the world are elevated and rising, and the US is becoming an increasingly unpredictable partner with respect to both trade and foreign policy. Domestically, despite tentative signs of an easing of some of the constraints on our ability to expand the economy, a number of others lurk on the horizon, and we remain stuck in a low-growth rut. This underscores the importance of diversification, active asset allocation, and bottom-up instrument selection, while being mindful of the need to mitigate the impact of drawdowns when they happen. This is an approach that we have applied consistently to good effect and will continue to do so. We expect to be able to continue to deliver returns that meet the Strategy's target, but caution investors not to expect the very high level of real returns achieved in the recent past to continue.