

Please note that the commentary is for the retail class of the Fund.

Performance

The third quarter saw an acceleration in the upward march of global asset markets. This, despite ongoing tensions in Ukraine and the Middle East, the implementation of Liberation Day tariffs and an increasingly unpredictable US administration, as well as growing unease with sovereign debt levels in a number of developed nations, the UK and France in particular. The MSCI All Country World Index added 7% for the quarter, lifting the year-to-date (YTD) return to 18%, while the MSCI Emerging Markets Index was up 11% for the quarter and 28% YTD. Global bonds rallied as the US Fed cut rates for the first time this year and inflation appears to remain under control, with the FTSE World Government Bond Index returning 7% YTD. These returns are all measured in USD terms, so they have been aided somewhat by a c. 7% weaker dollar this year.

One indicator suggesting that there is more risk in the global financial system than what first meets the eye is the gold price, which rose 17% in the quarter and is now up 47% so far this year. This marks the strongest annual gold price increase in 46 years (and we are only three quarters in). At around US\$4 000 per ounce, gold has surpassed its previous peak in real terms, which was last reached amid the geopolitical and economic turmoil of 1980.

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 telecommunications shares and Naspers/Prosus, have been the main contributors to this year's returns. The FTSE/JSE 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 (bps) due to increased foreign buying, constrained inflation, and expectations of further rate cuts. The FTSE/JSE All Bond Index was up 7% in the quarter, taking the YTD return to 14%.

The supportive market backdrop has driven strong Fund returns of 18.8% over the past 12 months, well ahead of the target of CPI +4%. Longer-term returns over all meaningful time periods and since inception are ahead of target, with the exception of 10 years, where the return is well ahead of inflation but marginally behind target.

Portfolio actions and fund positioning

Both domestic and global equities contributed strongly to returns in the quarter as equity markets continued to rally. The Coronation Global Equity Select Fund 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 Fund 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 has progressed. We continue to see attractive stock picking opportunities across a number of markets, but are conscious of index multiples (the US in particular) becoming increasingly stretched. Consequently, we have reduced global equity exposure in the Fund to 30.2% at the end of September. In addition, we continue to hold put protection over 28% of the Fund'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 5.5% of the Fund. Holdings in Naspers/Prosus, Northam Platinum, and AngloGold Ashanti

contributed to returns, while holdings in packaging business Mondi and global brewer ABI detracted. Within our South African listed equities allocation, we continue to have a meaningful bias towards companies facing global economies as well as high-quality domestic-facing businesses that are positioned to grow in a low- or no-growth economy.

Domestic bonds also contributed meaningfully to Fund 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 Fund'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 portfolio now sits at roughly 58%/42%. We hold no global sovereign bonds in the Fund.

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 at quarter end sits at 3.6% of Fund.

Total offshore asset exposure has reduced to 40.5% at the end of September. Given the recent strength of the rand, the Fund currently has no currency lock in place.

Outlook

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. The Fund has delivered strong returns against the backdrop of supportive asset markets. We expect to be able to continue to deliver returns that meet the Fund's target, but caution investors not to expect the very high level of real returns achieved in the recent past to continue.

Portfolio managers

Pallavi Ambekar, Charles de Kock and Neill Young

as at 30 September 2025