CORONATION

GLOBAL ABSOLUTE STRATEGY

INSTITUTIONAL STRATEGY FACT SHEET AS AT 31 MARCH 2025

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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)	2,806.1%	316.7%	2,489.4%
Since Inception p.a.	14.0%	5.7%	8.3%
Latest 20 years p.a.	12.4%	5.5%	6.9%
Latest 15 years p.a.	10.7%	5.0%	5.7%
Latest 10 years p.a.	8.9%	4.9%	4.0%
Latest 5 years p.a.	14.6%	4.9%	9.7%
Latest 3 years p.a.	11.9%	5.0%	6.9%
Latest 1 year	13.2%	2.8%	10.4%
Year to date	1.6%	1.6%	0.0%
Month	(1.0)%	0.4%	(1.4)%

ASSET ALLOCATION

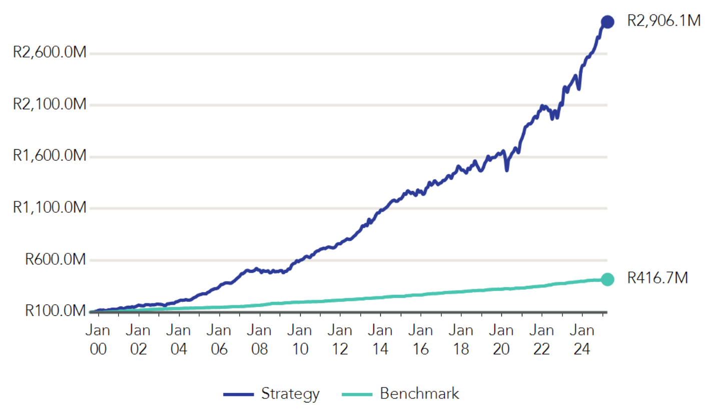
Asset Type	% Strategy
Foreign Equities	32.4%
Local Equities	24.9%
Local Bonds	21.6%
Cash	9.5%
Foreign Fixed Income	5.2%
Local Hedge Funds	2.6%
Local Commodities	2.2%
Local Property	1.5%
Foreign Property	0.1%

GENERAL INFORMATION

Inception Date	01 August 1999
Strategy Size †	R7.11 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	16.5%
CORONATION GLOBAL EMERGING MARKETS EQUITY FUND	4.1%
PROSUS	3.9%
RSA ILB 1.875% 280233	3.1%
RSA FIX 6.250% 310336	2.8%
US TBILL 0.000% 010525	2.6%
CORONATION GLOBAL EQUITY INCOME FUND CLASS Z	2.6%
RSA ILB 1.875% 310329	2.2%
CORONATION GLOBAL CAPITAL PLUS CLASS Z	1.9%
FIRSTRAND LTD	1.9%

MODIFIED DURATION*

Portfolio	1.1
Fixed Income Assets	3.8

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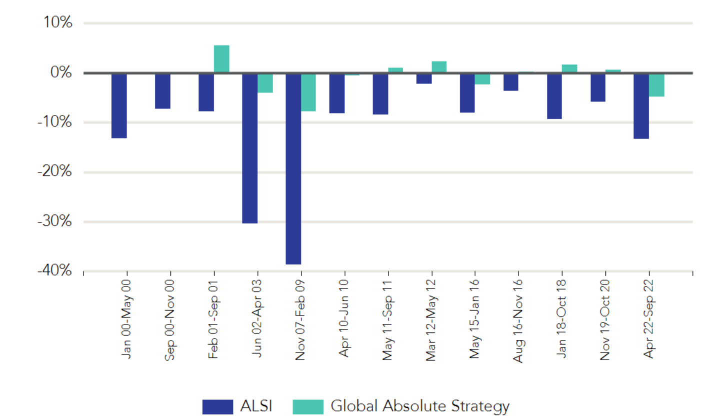
PERFORMANCE & RISK STATISTICS (Since inception)

Average Annual Return	14.4%
Annualised Standard Deviation	7.9%
Highest Monthly Return	8.8%
Lowest Monthly Return	(8.1)%
% Positive Months	71.1%
Downside Deviation	3.4%
Maximum Drawdown	(11.5)%
Sortino Ratio	1.8

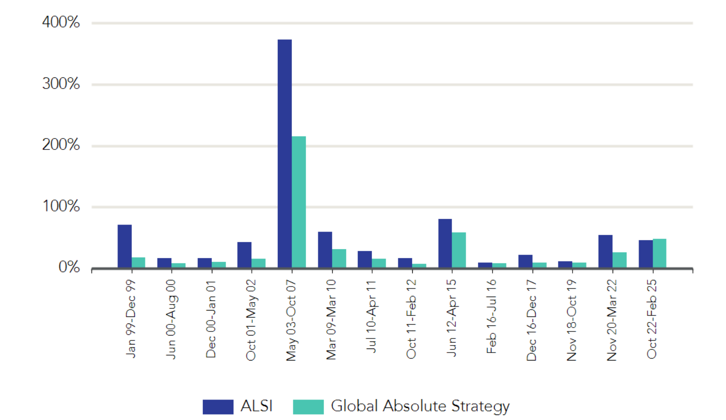
EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	7.8%	5.0%
1 to 3 years	2.7%	2.8%
3 to 7 years	8.1%	8.3%
7 to 12 years	8.9%	9.1%
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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REGULATORY DISCLOSURE AND DISCLAIMER

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

REVIEW FOR THE QUARTER

The first seven weeks of 2025 continued the trend of the year before: US exceptionalism propelling global equity markets further upwards, buoyed by expectations of a Trump administration creating a more business-friendly environment and driving a significant reset in the precarious US fiscal position. Some cracks began to emerge with the release of the Chinese open-source AI model DeepSeek-R1 in late January, and concerns escalated in the on-again off-again imposition of US tariffs on imports from Mexico, Canada, and China during February. By the end of the quarter, the early gains had unwound, with the S&P 500 declining 4% and the MSCI ACWI down 1% despite European and emerging markets delivering positive returns. This was, of course, simply a foretaste of what would come on Liberation Day – more of which is written below. Global fixed income markets fared better, reflecting growing risk aversion, with the FTSE WGBI returning 3% for the quarter.

The domestic equity market delivered a positive return for Q1 with the Capped SWIX ending up almost 6%. This was primarily driven by the precious metal stocks responding to a gold price surging above $3 000/oz and gains in some of the JSE-listed global stocks. In contrast, the share prices of businesses exposed to the domestic economy declined, reflecting concerns over an increasingly strained Government of National Unity (GNU) amid a failed budget. The ALBI returned 0.7% for the quarter, and the rand strengthened slightly against the dollar.

The Strategy had a positive return for the quarter and a double-digit return over the past 12 months, meaningfully ahead of CPI and its target. The Strategy continues to outperform its target over all meaningful periods.

SA equities were the main contributor to Strategy returns for the quarter, in addition to smaller but roughly equal contributions from SA fixed income and the Strategy's holding in physical gold. Global equity holdings detracted. During the quarter, we took advantage of the initial strength in global equity markets to reduce exposure, resulting in slightly lower total equity exposure at end-March. In addition, we reduced exposure to global corporate credit as spreads narrowed. Domestically, we added to inflation-linked bonds as we feel that real yields on offer remain attractive given the upside risks to inflation.

At the beginning of the quarter, we had a currency lock (a long rand futures position) in place, which we had reduced by end-March given our lower conviction on the rand being undervalued due to the increasingly fractious domestic environment. The result of all these actions is that the Strategy ended the quarter holding more cash, with slightly less global physical exposure, but more effective global currency exposure than at end-December. We have retained put protection over 13% of the Strategy's global equity exposure.

In our December commentary, we highlighted some of the issues we were mindful of in looking towards 2025, including the potential impact of tariffs and whether one could expect the era of American exceptionalism to continue. On the domestic front, we re-emphasised the importance of sound policy execution from the GNU as essential to the delivery of sustainable economic growth.

These comments turned out to be far more prescient than we would have anticipated. On 2 April, markets were delivered a double-blow: Trump's logic-defying tariff announcement, and the news that the ANC had collaborated with parties outside of the GNU in order to secure approval of the fiscal framework, thereby further jeopardising an increasingly strained relationship with the DA.

The Liberation Day tariffs are to our minds nonsensical, and the escalating risk of a trade war has the potential to undermine not just global trade but also threatens the monetary and geopolitical order. The crude calculations used to arrive at the draconian outputs demonstrate the haste and lack of foresight that has gone into policy formulation. There is no cognisance of one of the most fundamental principles of trade economics – comparative advantage. Secondly, there appears to be no appreciation that a current account deficit is a function of a capital account surplus – i.e., the US is dependent on foreign nations' savings to augment its own low savings rate. Finally, the tariffs only consider trade in goods and not services, where in many cases the US runs a surplus.

The immediate implication of all of this is clearly a rise in prices – i.e., higher inflation. But it is also very likely to lead to lower growth, and the risk of recession has undoubtedly risen. The policy will result in increased uncertainty amongst capital allocators. The likelihood of significant domestic re-industrialisation is low with only a four-year presidential window ahead. At an aggregate level, the US economy was in good shape with low levels of unemployment – this was not a problem in need of a solution. Whether or not this is intended as an extreme opening position in negotiations remains to be seen, but reciprocal tariffs have been announced by China, and an escalation seems likely.

Domestically, we had been managing the Strategy on a cautious basis for some time, having not gotten caught up in a GNU rally last year, which saw SA-specific stocks rally hard on the back of hope that the GNU would deliver the long-awaited growth in the local economy. We were sceptical that such growth would filter through, and that what would come through would take much longer, given the frictions inherent in the system. On top of this, a central bank which persists in running very tight monetary policy with some of the highest real rates in the world meant that we were always unlikely to see the 2% GDP growth that many market participants were forecasting.

This proved to be fortuitous positioning as the GNU has been on unstable footing since February when the DA refused to back a budget containing a 2% VAT increase. There has clearly been an escalating level of distrust between the ANC and the DA since, and while at the time of writing it appears as if the coalition may just hold, the relationship between the two major parties has deteriorated to a level where they seem unable to row in the same direction. This bodes poorly for future policy formulation and execution.

The confluence of these events sent equity markets tumbling, and domestic bonds and the rand have sold off heavily. At the time of writing, the S&P 500 is almost 20% lower than its 19 February highs (although still only slightly negative over 12 months) and the rand is hovering close to R20/$.

Events such as these always present challenges, but indiscriminate sell-offs most often provide an opportunity to buy assets at attractive prices, which in turn lays the foundation for superior long-term return generation. The Strategy still sits on a healthy allocation to cash and near-cash instruments. In past crises, we have demonstrated our ability to actively allocate Strategy capital where we see value while at the same time acting to protect against downside. The actions taken during these times have resulted in healthy inflation-beating returns for clients. We don't see why this time around should be any different.