NAMIBIA ASSET MANAGEMENT

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CORONATION

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NAM CORONATION CAPITAL PLUS FUND

QUARTERLY COMMENTARY Q3-2025

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 8% 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.

Namibian markets moderately tracked the positive regional trend during the quarter. Local equities benefited from improved risk appetite and stronger performance, particularly among the dual-listed counters, while domestic financials and consumer names saw moderate gains on the back of stable inflation and improved business confidence. Namibian bonds showed steady performance during Q3 2025, with the IJG All Bond Index returning 4.0% and the IJG Inflation-Linked Bond Index (ILB) delivering 1.3%. While yields tightened considerably across the short-to-belly of the curve, the Namibian yield curve strengthened by an average 23bps. The belly of the curve (bonds maturing in 7-12 years) closed 2.33% higher over the month, while medium-term bonds (maturing in 3-7 years) posted 1.07%, and short-term bonds (maturing in 1-3 years) returned 0.71%.

The South African (SA) equity market 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 Fund returns of 19.0% over the past 12 months, well ahead of the target of CPI +4%. Longer-term and since inception returns are ahead of target and in the top quartile relative to peers.

Portfolio actions and fund positioning

Both global and SA 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 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 marginally reduced global equity exposure in the Fund to 20% at the end of September. In addition, we continue to hold put protection over 30% of the Fund's global equity exposure.

The breadth of SA 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 4.7% 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 SA-facing businesses that are positioned to grow in a low- or no-growth economy.

During the quarter, we added selectively to SA property stocks where we feel that the combination of yield and income growth is sufficiently attractive. Total property exposure at quarter end sits at 3.3% of Fund. Total offshore asset exposure has reduced to 36.4% 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. Despite tentative signs of an easing of some of the constraints on South Africa's ability to expand its economy, several others lurk on the horizon, and the country remains 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
Charles de Kock, Pallavi Ambekar & Neill Young
as at 30 September 2025