NAM CORONATION CAPITAL PLUS FUND

QUARTERLY COMMENTARY Q1-2026

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

Performance

The first quarter of 2026 was marked by a dramatic shift in global market sentiment, driven by an escalation in conflict in the Middle East, and the subsequent closure of the Strait of Hormuz in early March. What had been a constructive start to the year – with equity markets broadly positive in January and February – gave way to a sharp risk-off move as the geopolitical and economic consequences of the conflict became apparent.

The closure of the Strait of Hormuz, through which roughly 20% of global oil supply flows, pushed Brent crude past $100 per barrel for the first time since 2022. The oil shock revived fears of persistent inflation, forcing central banks across the developed world to temper expectations for rate cuts.

The MSCI All Country World Index ended the quarter down 3.2%, with the sell-off concentrated in March. The S&P 500 fell 4.3%, its worst start to a year since 2022, dragged lower by largecap technology stocks, which bore the brunt of a rotation away from momentum and growth. International developed markets outperformed the US for a second consecutive quarter, although March proved challenging for all regions. The MSCI Emerging Markets Index was marginally negative for the quarter, with strength in Latin America (supported by higher energy prices) offsetting weakness in Asia and EMEA (Europe, Middle East and Africa).

The US dollar strengthened materially during the quarter as a preferred safe-haven asset, creating a headwind for gold. Gold, which reached an all-time high above $5 400 per ounce in late January, subsequently pulled back sharply amid higher yields and a firmer dollar. By quarter-end, gold prices had fallen approximately 15% from their January peak, a somewhat counterintuitive outcome in a period of elevated geopolitical risk but consistent with the repricing of interest rate expectations and central bank selling by Russia and Turkey in particular.

Global bonds sold off as yields rose in response to higher oil prices and the changed inflation outlook. The FTSE World Government Bond Index declined 1% for the quarter.

Namibian markets delivered mixed performance over the quarter, reflecting the influence of global headwinds on the domestic economy. Local equities benefited from selective strength in domestically focused counters and relatively attractive valuations, even as global equity markets weakened. Namibian bonds however tracked global fixed income trends, where rising oil prices and inflation concerns placed upward pressure on yields, resulting in negative returns. March marked a notable reversal in the Namibian fixed income market, unwinding much of the positive momentum established in the first two months of 2026. The IJG All Bond Index declined by 4.87%, while the IJG Inflation-Linked Bond Index returned 1.64%. The yield curve sold off sharply with yields weakening by an average of 126bps driven primarily by benchmark movements. The front end of the curve widened by an average of 107 basis points, while the

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belly and long end experienced a more pronounced repricing, with yields widening by 132 and 124 basis points respectively. Treasury bills remained anchored by the repo rate which was maintained at 6.50% at the February MPC meeting.

South African equity market also followed the global trajectory. After reaching a record high in February, the Capped All Share Index fell sharply in March, ending the quarter marginally down. The breadth of SA returns narrowed considerably, with precious metals miners – which had been strong contributors in 2025 – giving back gains as gold and PGM (platinum group metals) prices retreated. Sasol surged, but Naspers/Prosus declined alongside the broader technology sell-off. Richemont was another notable decliner.

South African bonds weakened during the quarter, with the yield on the R2037 government bond rising to 9.5% by the end of March. The sell-off reflected a combination of global risk aversion and domestic concerns about the inflationary impact of higher oil prices on a net energy-importing economy. The SARB held the repo rate unchanged at 6.75% at both the January and March MPC meetings. Headline CPI declined to 3.0% in February – matching the new inflation target – but the central bank raised its 2026 inflation forecast to 3.7%, which dampens the case for further rate cuts.

The N$/rand weakened approximately 6% against the US dollar during March, further compounding the inflationary pass-through from higher oil prices.

The Fund experienced a challenging quarter against this backdrop. However, over the past 12 months, the Fund has returned 10.3%, comfortably ahead of the target of CPI +4%. Returns are ahead of target over all time periods as well as since inception.

Portfolio actions and fund positioning

Global equity exposure was the largest detractor from Fund returns for the quarter, with negative returns from the underlying building blocks more than offsetting any benefit from a weakening rand. The events of March boosted the share prices of materials, energy, and staples businesses, to which we have little to no global exposure. Much of the negative performance was a function of a broad sell-off across several industries to which we do have exposure that have been rather indiscriminately categorised as "AI losers". This includes digital platforms, ecommerce companies, data owners, software businesses, and online travel agents. Advancements in AI have accelerated into 2026, and the technology has the potential to disrupt many business models. This requires us, more than ever, to remain humble in our views and to continually retest the investment thesis behind each of the businesses we own. However, we believe that the market has adopted a shoot-first-and-ask-questions-later approach, and that there are compelling arguments that many companies in these segments are either resilient to AI disruption or will prove to be significant beneficiaries of the technology in time. As a result, we have taken advantage of the sell-off to add to some of what we consider to be winning businesses. This is done in the context of a well-diversified portfolio. At the same time, we have increased exposure to global equities, which now make up 31% of the Fund at quarter-end.

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NAMIBIA ASSET MANAGEMENT

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The put protection we hold over global equities provided some offset during the drawdown, and in March we added some short-dated protection at a price we considered reasonable given the highly unpredictable outlook for the months ahead. Currently, c. 30% of our developed market global equity exposure is covered by put options.

In addition, during the quarter, we sold short-dated global credit exposure and added to global property. At the end of March, global assets make up 33% of the portfolio.

SA assets also detracted from performance over the quarter, although the impact was far less significant. Equities, bonds, and property all delivered small negative contributions, somewhat offset by a positive contribution from the Fund's holding in precious metals ETFs. During the quarter we added significantly to domestic government bonds, principally the R2037 as yields sold off from c. 8.1% at the lows to well above 9%. Despite signs of some stabilisation in SA macro conditions and a somewhat improved fiscal outlook, the situation remains finely balanced, and the effects of the intensifying conflict in the Middle East could derail much of this if it were to drag on. We continue to actively manage duration risk. Total SA bond exposure sits at 16% at end-March, consisting of a combination of nominal and inflation-linked bonds.

We took advantage of price strength to reduce exposure to gold and platinum equities as well as ETFs during the quarter, in favour of other more attractively valued existing positions in the portfolio. We also made additions to domestic property in the sell-off.

Outlook

The prospect of three more years of a Trump presidency strongly suggests three more years of heightened geopolitical unpredictability and market volatility. At the time of writing, a fragile ceasefire has been agreed, resulting in a broad risk-on market rally. But it is already showing signs of strain. We face uncertain months ahead and anticipate more volatility in response to short-term news flow. Times like these are undoubtedly uncomfortable, but present opportunities for long-term investors and asset allocators. In the previous sell-offs (Covid in 2020, rate hikes in 2022, and Liberation Day tariffs in 2025) we were particularly active in the portfolio, capitalising to good effect on opportunities where valuation was compelling and our conviction high. We have been similarly active in the current period and would expect our actions to benefit investors in the fullness of time. We are at the same time mindful of the importance of achieving target returns while protecting capital which we seek to achieve through portfolio diversification across asset classes and instruments as well as the use of additional tools at our disposal, such as put protection.

The Fund has generated returns over recent periods well in excess of its target of CPI +4%, benefiting from strong asset markets generally. We would caution investors not to anticipate the same extent of outperformance in future periods. However, we remain confident in the prospects of the Fund and its ability to achieve targeted returns over the medium to long term.

Portfolio Managers
Charles de Kock, Pallavi Ambekar & Neill Young
as at 31 March 2026

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