CORONATION

TRUST IS EARNED™

August 2026 | INVESTMENT THINK TANK

Bubbles, fault lines & the patience paradox

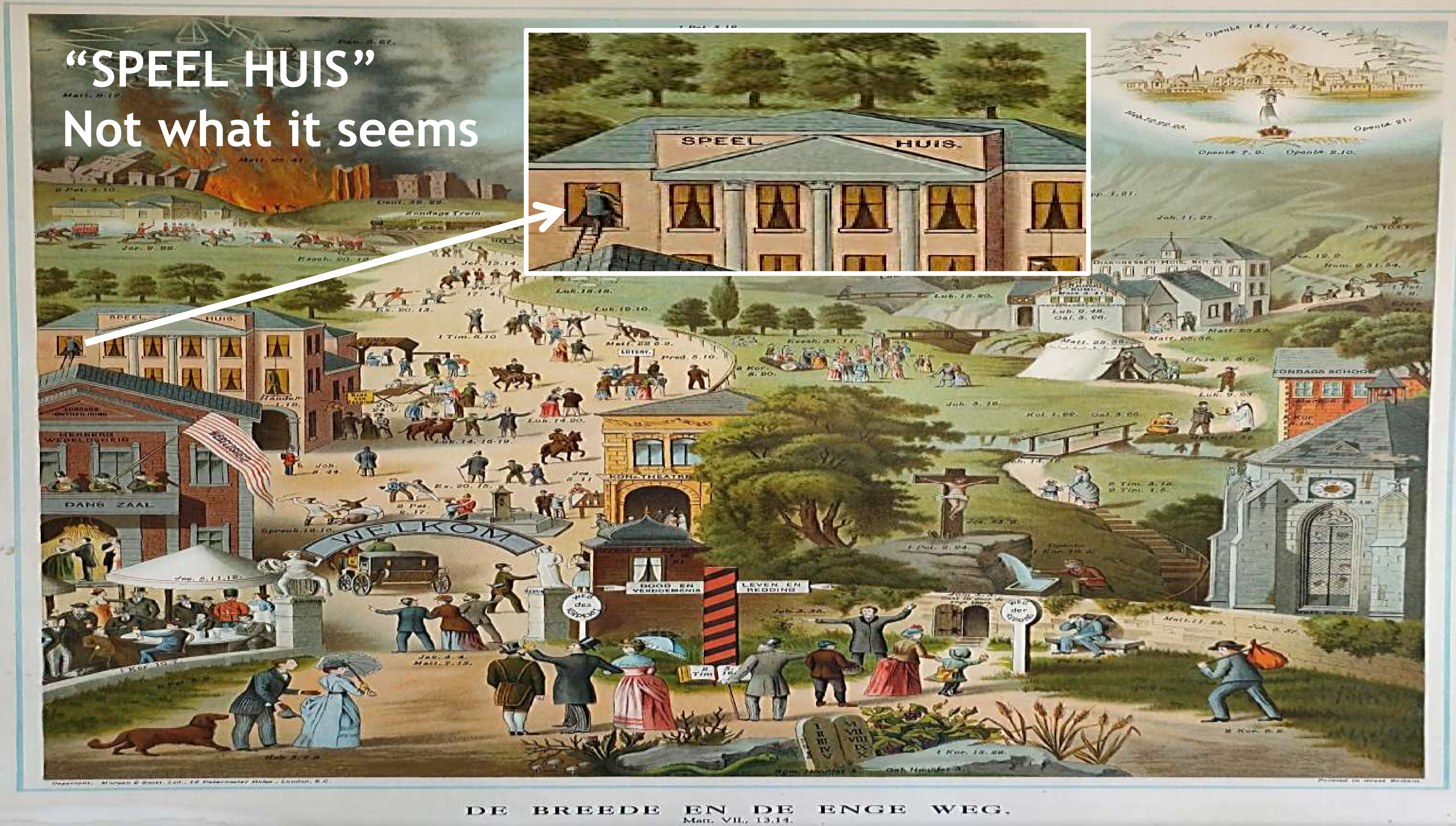
Investing when markets break their own rules

Anton Pienaar | Investment Specialist

DE BREEDE EN DE ENGE WEG.

Matt. VII., 13.14.

“SPEEL HUIS”
Not what it seems



DE BREEDE EN DE ENGE WEG.
Matt. VII., 13.14.

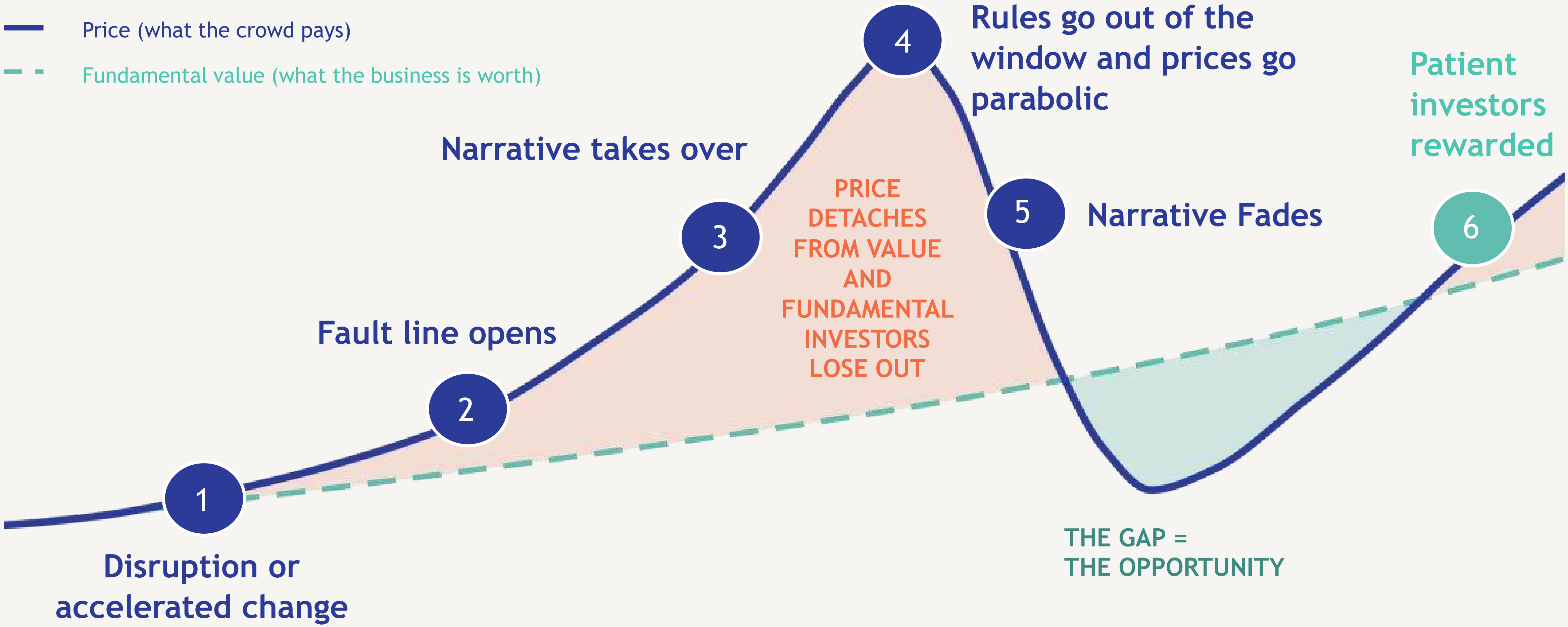
The beach don’t have as many rules …except this one

Yet the rules are not being followed

Up to **80%** of **daily value traded** is driven by **non-fundamental investors**

Disruptions create narratives and fault lines

A narrative takes over, prices go parabolic — and the *patient* are paid when the gap closes

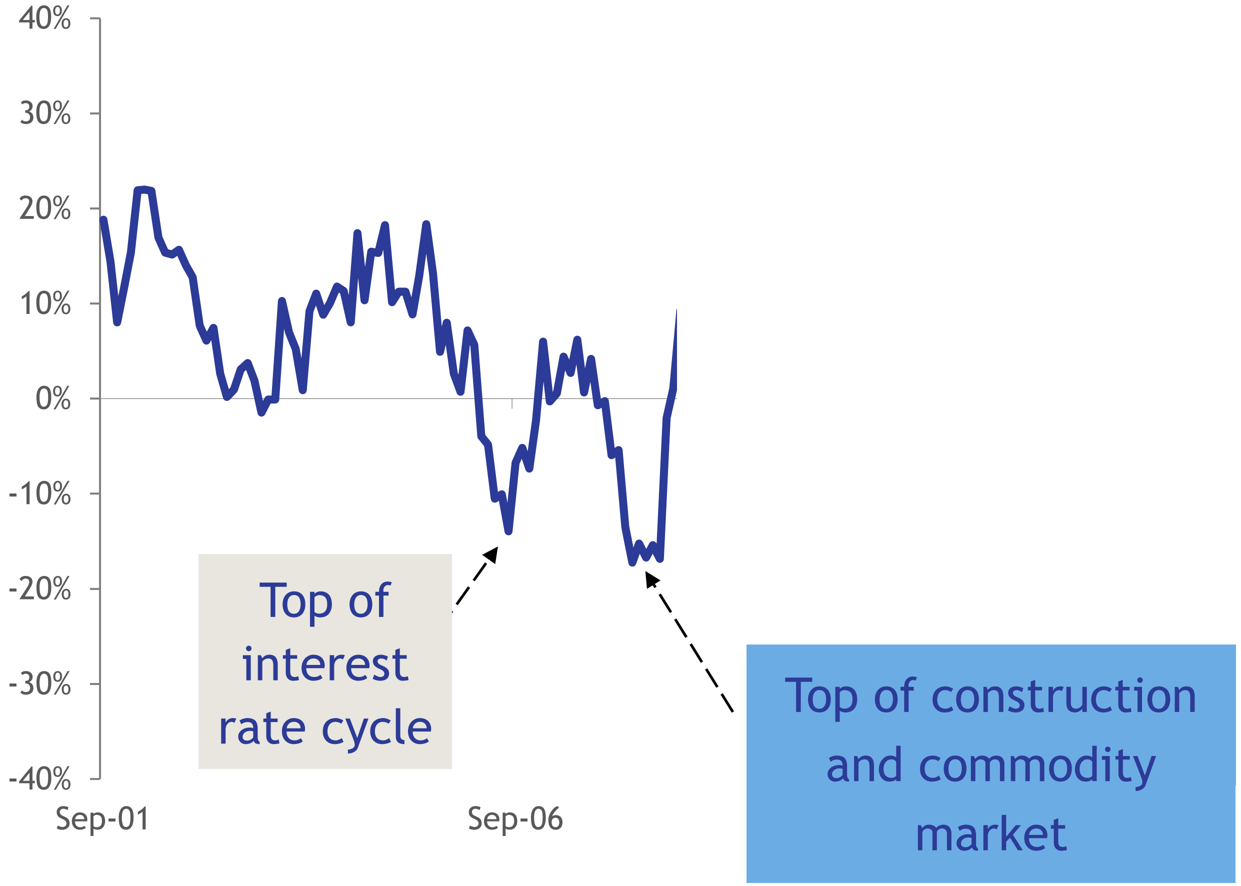


1. Avoid the narrative

Coronation chooses to swim between the flags

Short-term underperformance

Coronation Top 20 P - 1 year rolling alpha



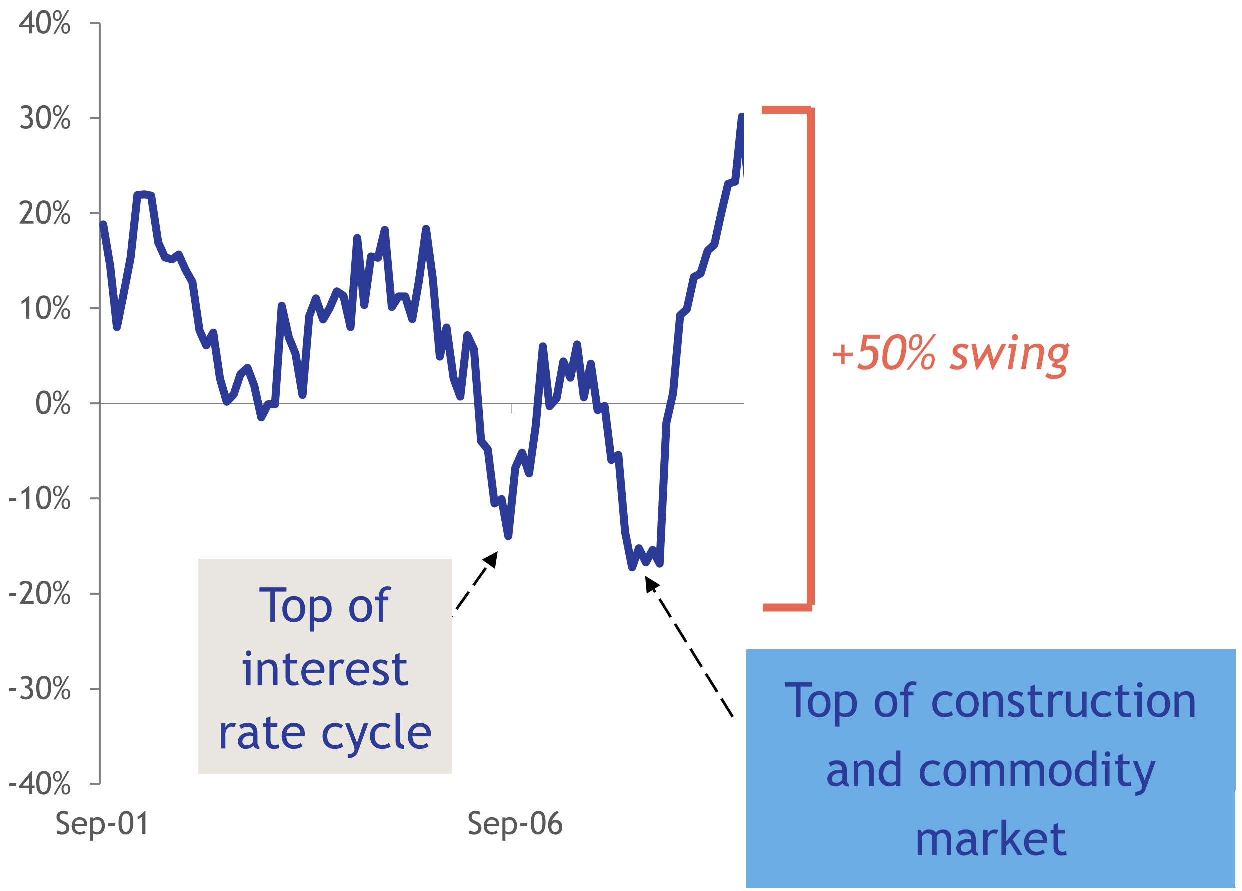
June 2008	
	% in commodities
Index	>50%
Top 20 Fund	17%

Top 20 Fund 12m alpha: -20%

As at 31 January 2026
Source: Coronation & IRESS

Staying between the flags

Coronation Top 20 P - 1 year rolling alpha



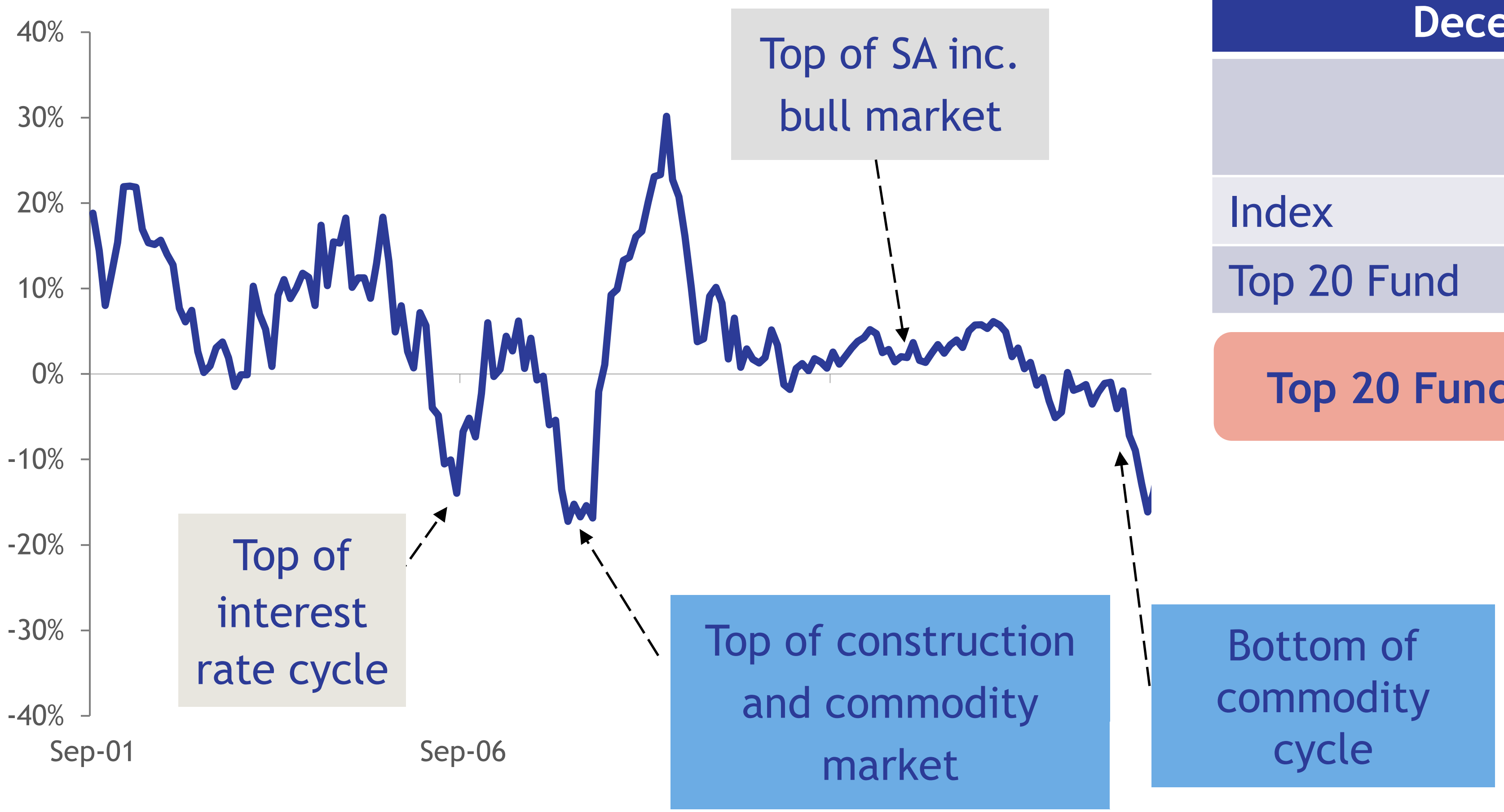
1 year later	
	12m return
Anglo American	-50%
Implats	-50%
Sasol	-45%
BHP Billiton	-40%

Top 20 Fund 12m alpha: +30%

As at 31 January 2026
Source: Coronation & IRESS

Short-term underperformance

Coronation Top 20 P - 1 year rolling alpha



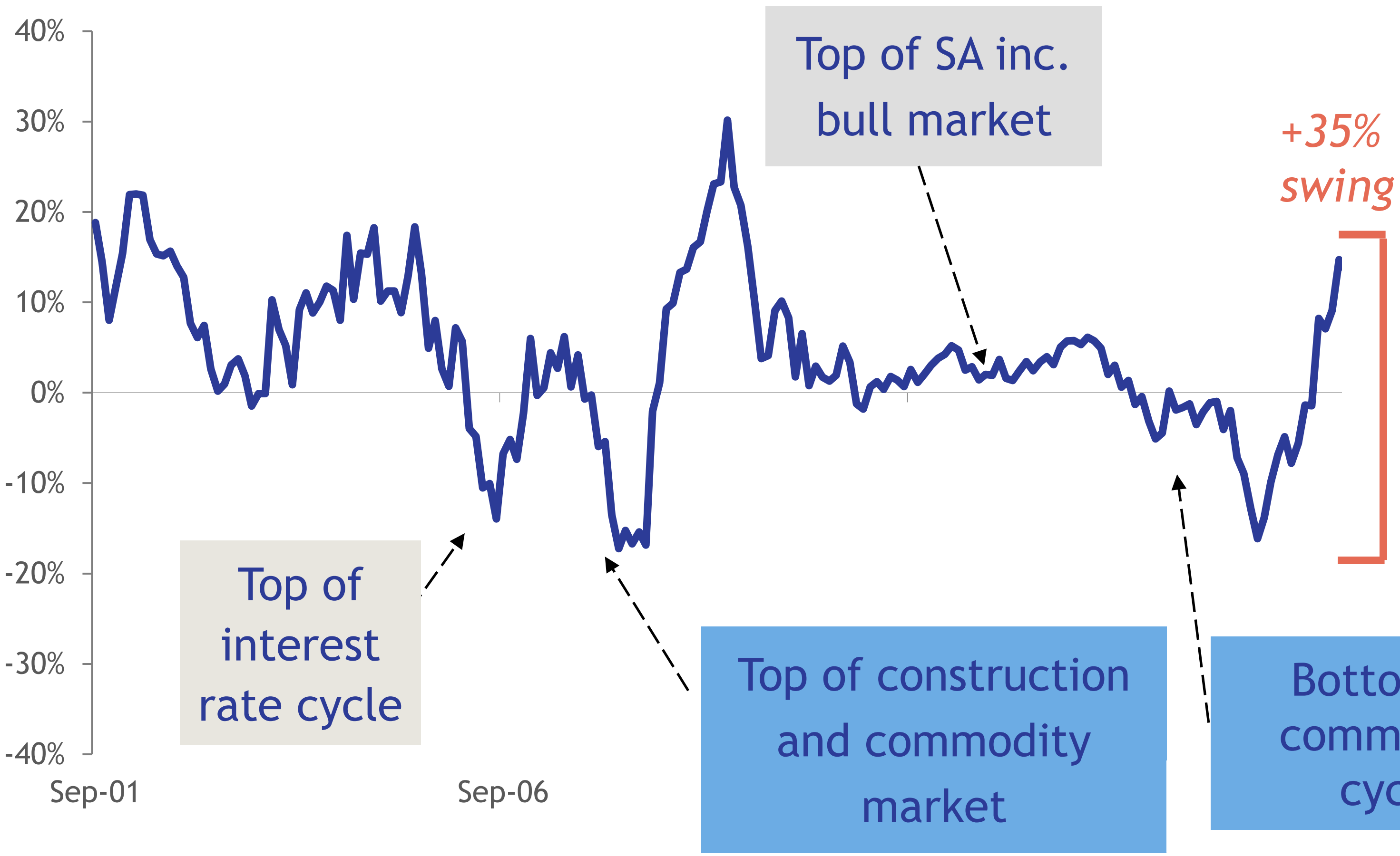
December 2015	
	% in commodities
Index	10%
Top 20 Fund	24%

Top 20 Fund 12m alpha: -20%

As at 31 January 2026
Source: Coronation & IRESS

We stayed between the flags

Coronation Top 20 P - 1 year rolling alpha



1 year later	
	12m return
Kumba	+500%
Anglo American	+275%
Glencore	+125%

Top 20 Fund 12m alpha:+15%

As at 31 January 2026
Source: Coronation & IRESS

2. Non-fundamental Investors

The rise of the non-fundamental investor

Examples of investors that now drive most daily trading — *with one thing in common*

1. AI BOTS & ALGORITHMS
Trade the news

- The goal is to be first, not right
- “Read” news and social media 24/7
- Trade in milliseconds — no human in the loop

Speed is the edge

2. MOMENTUM TRADERS
Chase the price move

- Buy what is rising, sell what is falling
- Price charts are the only input
- Pile in behind the bots — and amplify the move

Fast and vicious

3. MULTI-STRATEGY PODS
Forced sellers

- ±$100bn (and growing) of assets managed with an extremely short time horizon
- Geared 3–5x with automatic stop-losses
- Limit hit → must sell now, at any price

Rules, not judgement

4. PASSIVE FUNDS
Buy the index

- Buy every share at any price, on autopilot
- More money flows to what has already gone up
- Now bigger than active: $19tn vs $16tn
- DIY Investors

Price blind

Source: Morningstar, NYSE, SEC, FT, Barron’s

None of them ask what the business is *worth*.

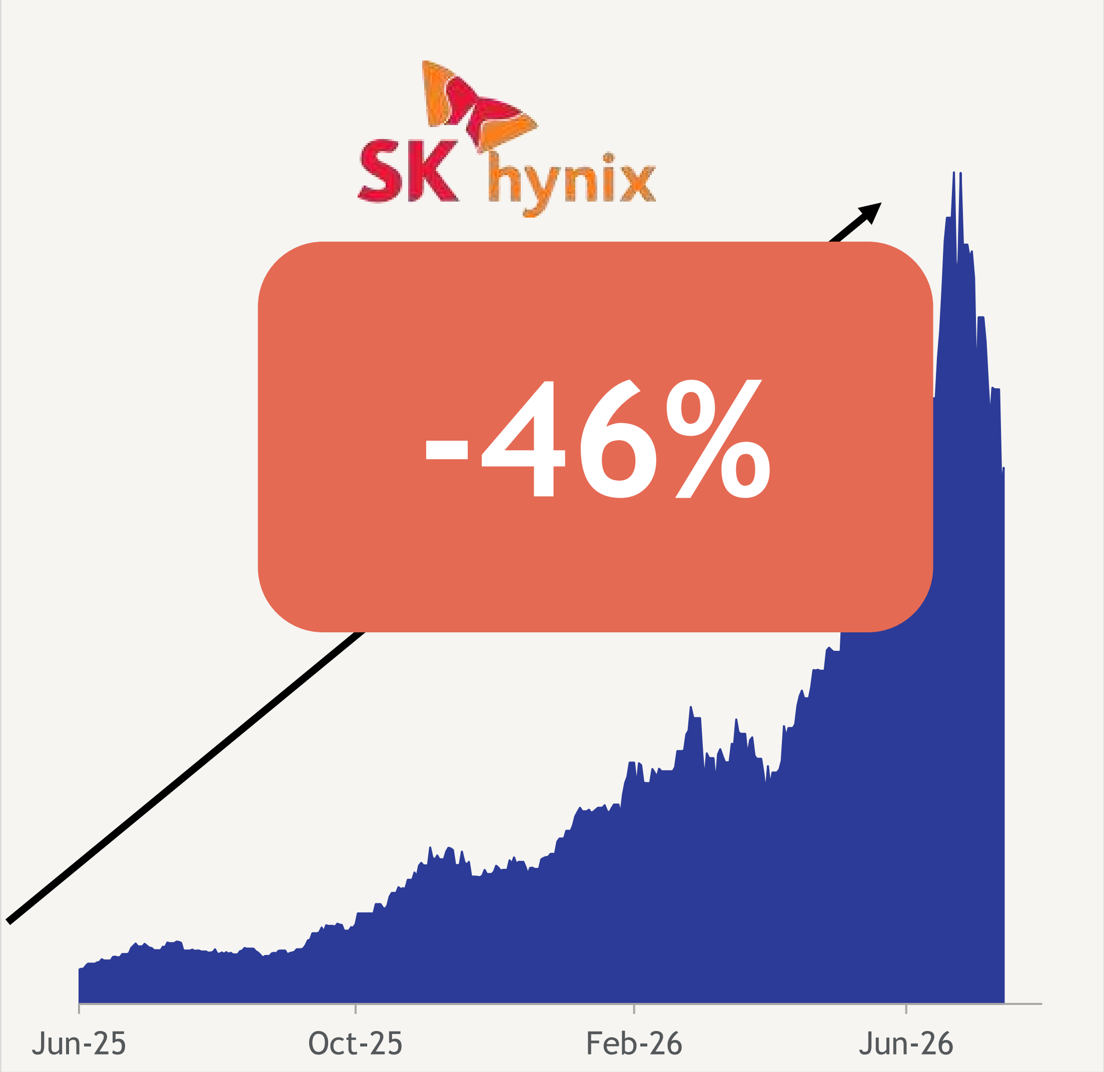
Reflex, not investing

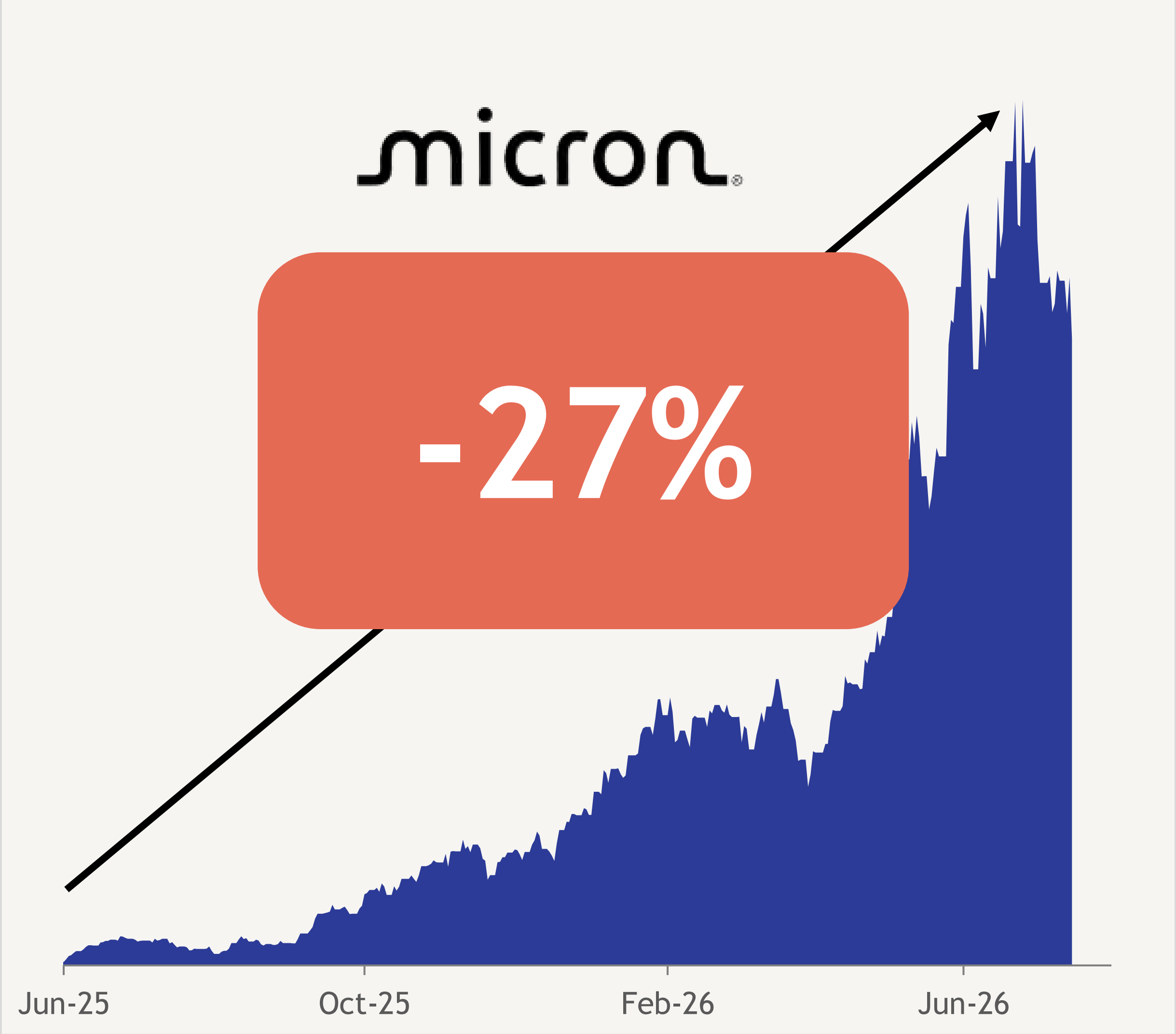
Price ≠ value

That is our opportunity.

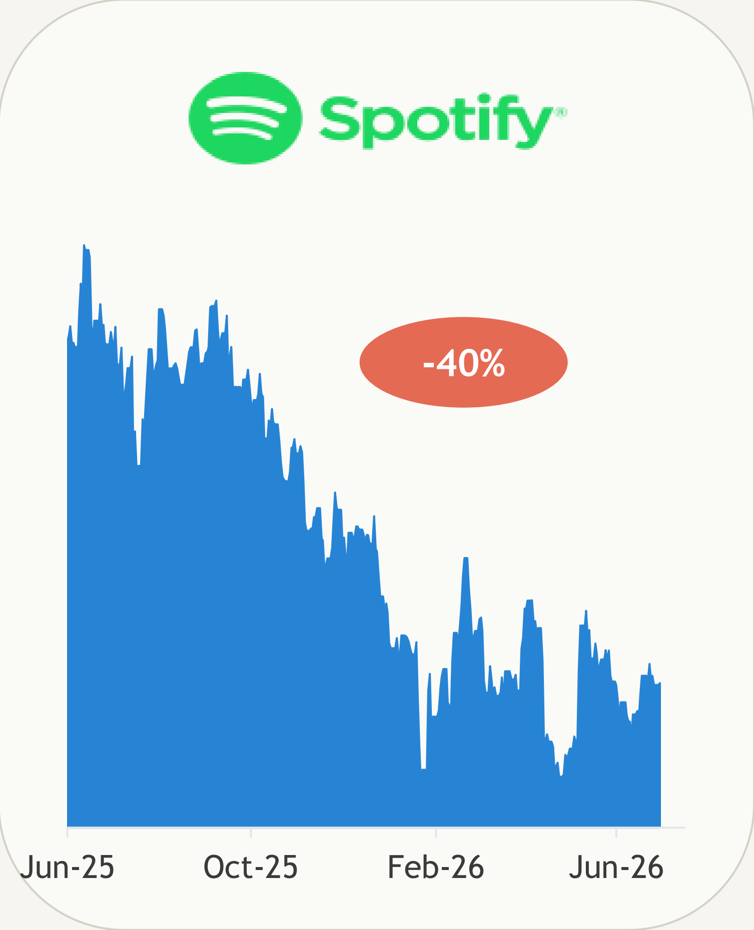
The result for asset prices

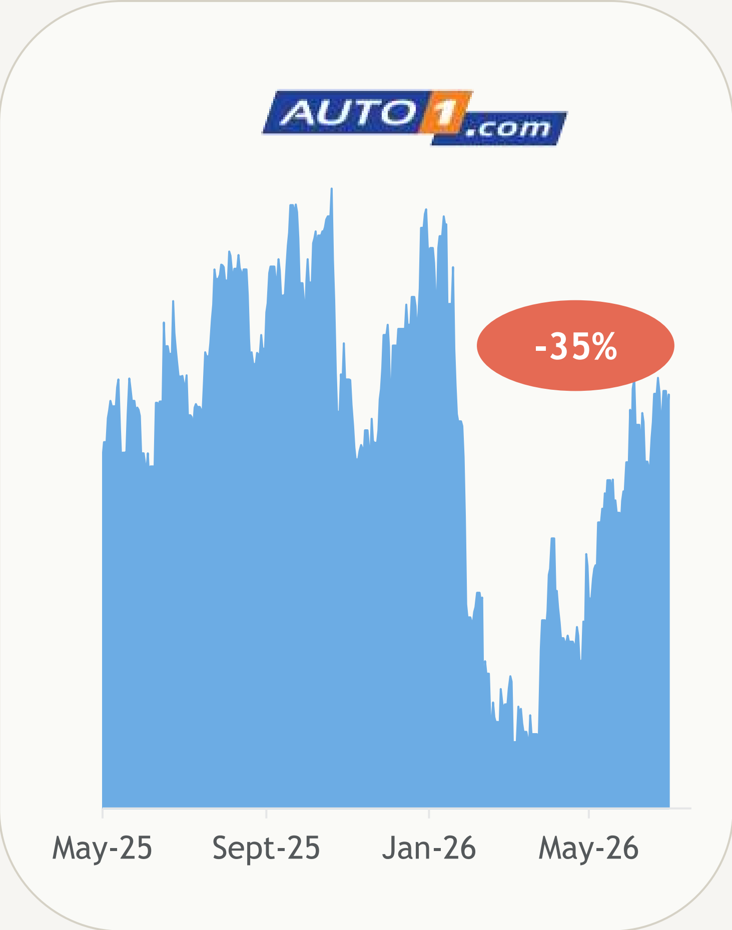
AI picks and shovels - to the moon?





Perceived “AI losers”

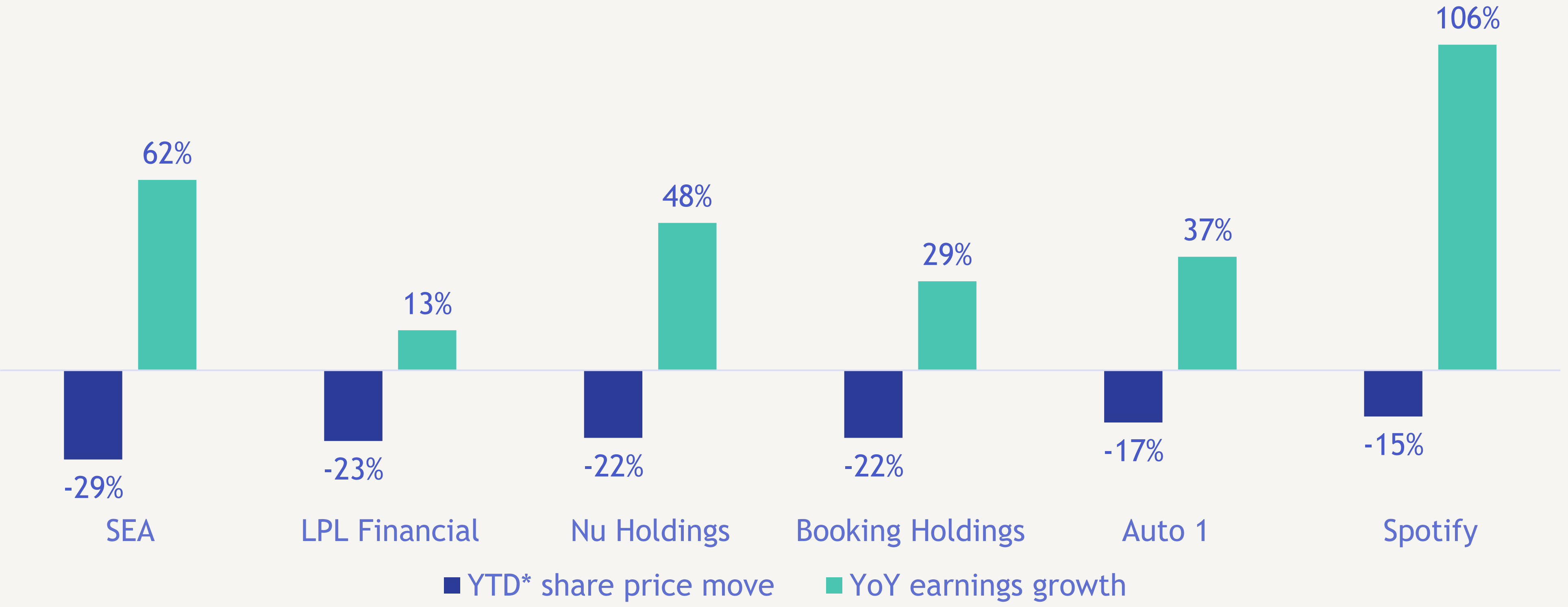




Share price moves don’t reflect the underlying fundamentals

Exposure to selected stocks that have sold off on AI concerns

Upside	120%	130%	170%	70%	160%	110%



Source: Coronation | *As at 31 May 2026 | ** As at 31 May 2026

Swimming between the flags

Coronation's *investment philosophy*

Exact same investment philosophy as since inception in 1993

LONG-TERM
5+ year horizon in valuing companies

VALUATION-DRIVEN
Margin of safety, normalised earnings and 5-year expected returns

BOTTOM-UP
Active stock picking focused on quality businesses

RESEARCH
Proprietary, in-house research is the foundation of our process

STEWARDSHIP
Deeply embedded in our investment process

Since 1993 | One consistent philosophy | Long-term value creation

A structurally advantaged approach

This philosophy is in our DNA

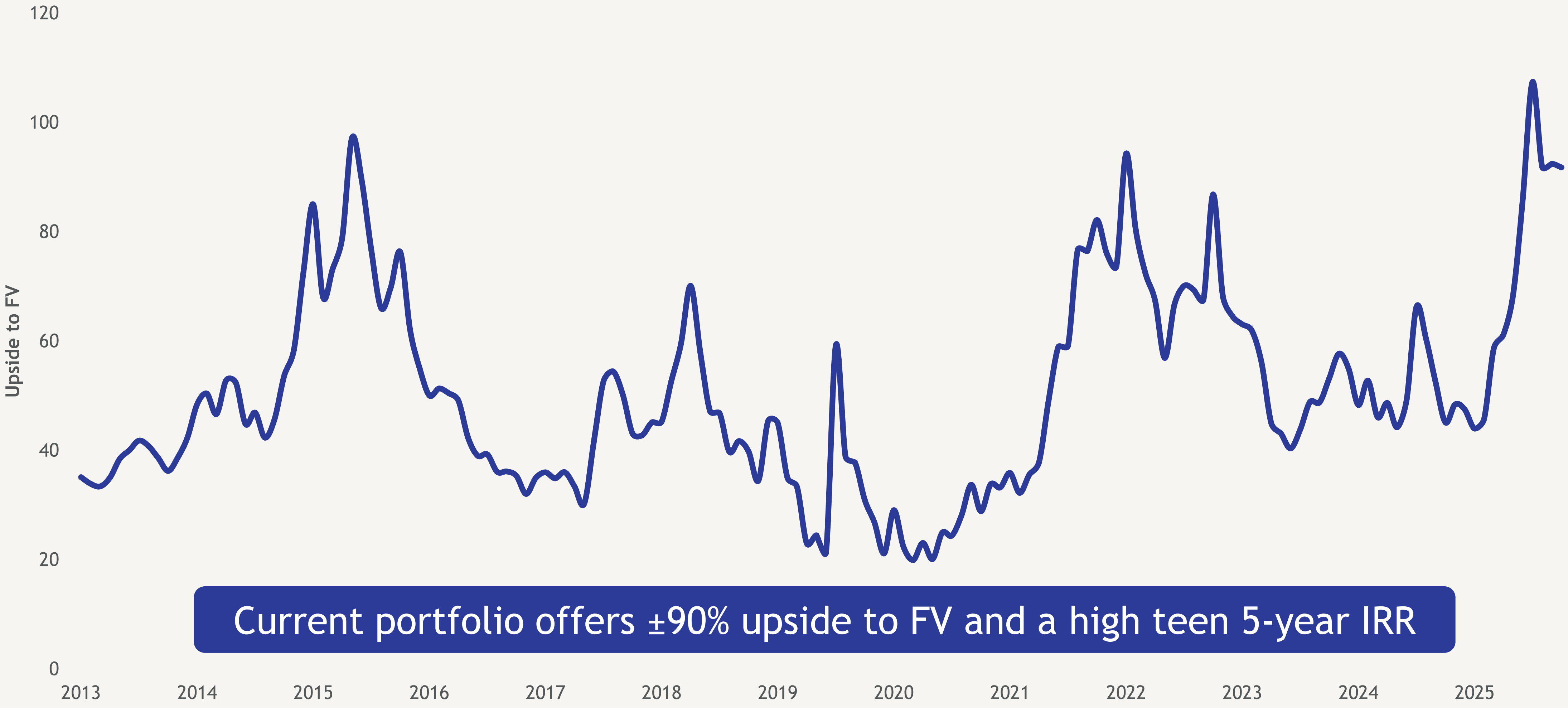
It is entrenched in how we approach markets

It is durable in a time of constant, even accelerating change

In an inefficient market it is not old-fashioned…

It is structurally advantaged

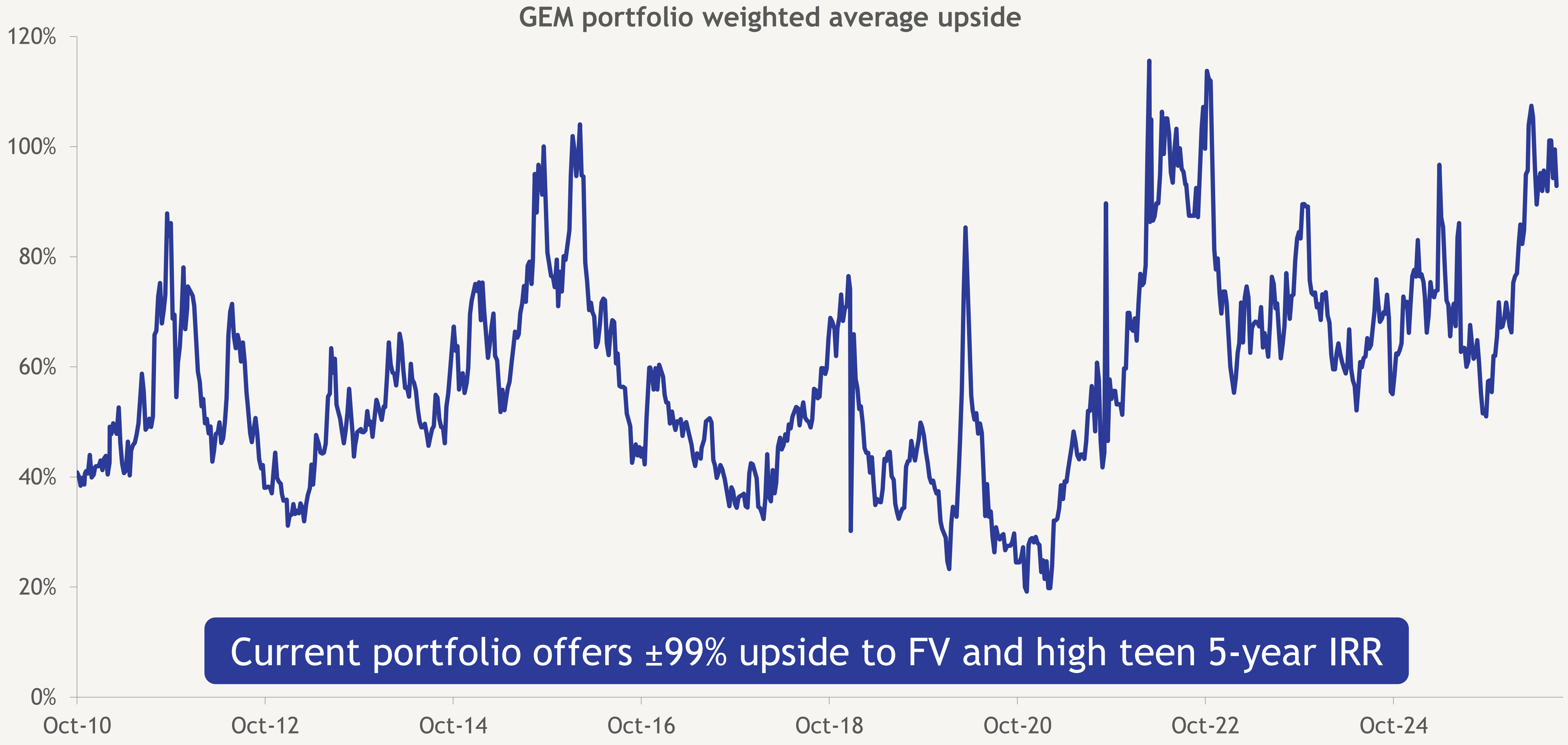
Coronation Global Equity Select Fund upside (weighted average)



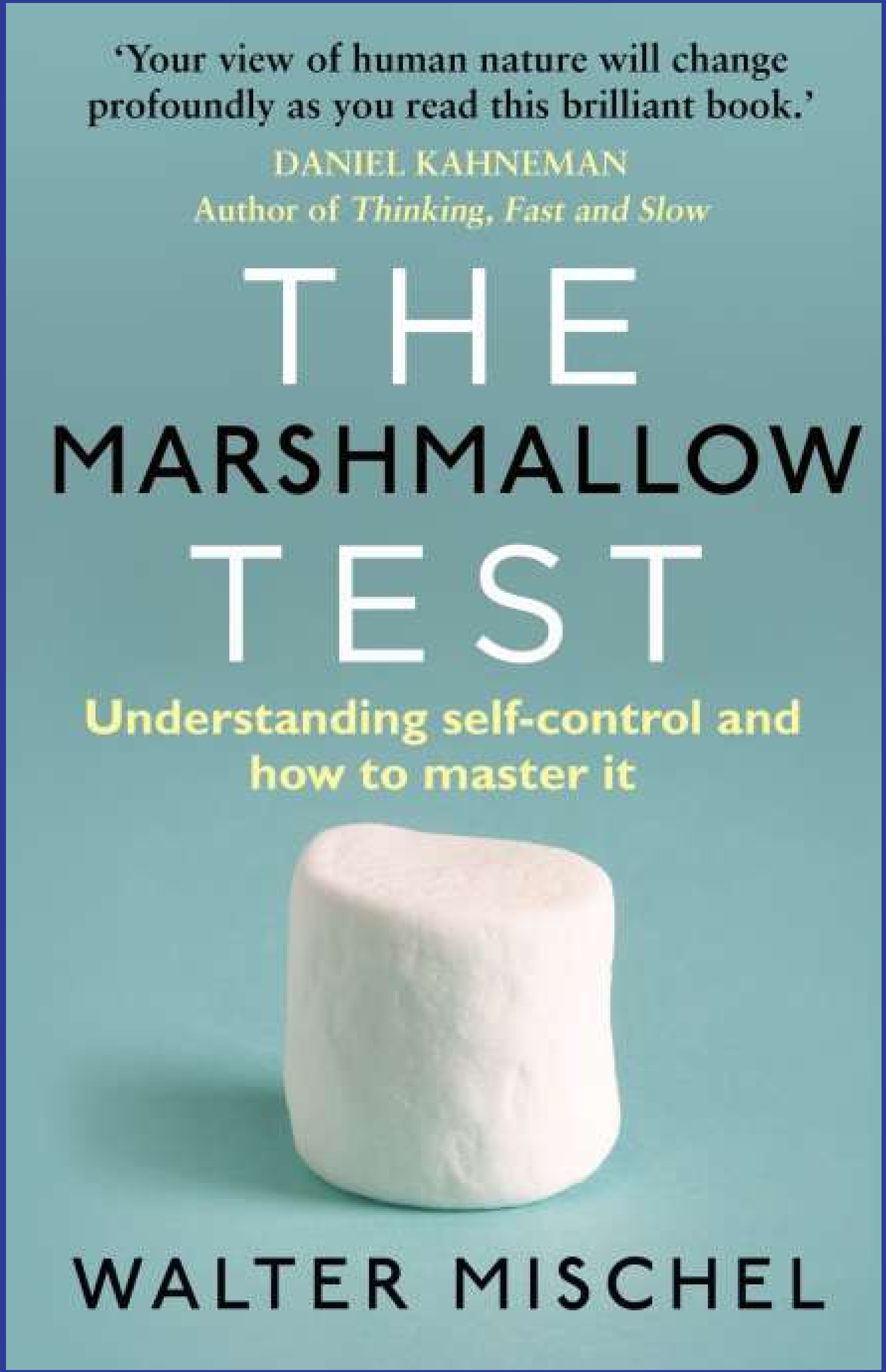
Source: Coronation | For the P-class. As at 30 June 2026

GEM portfolio upside (weighted average)

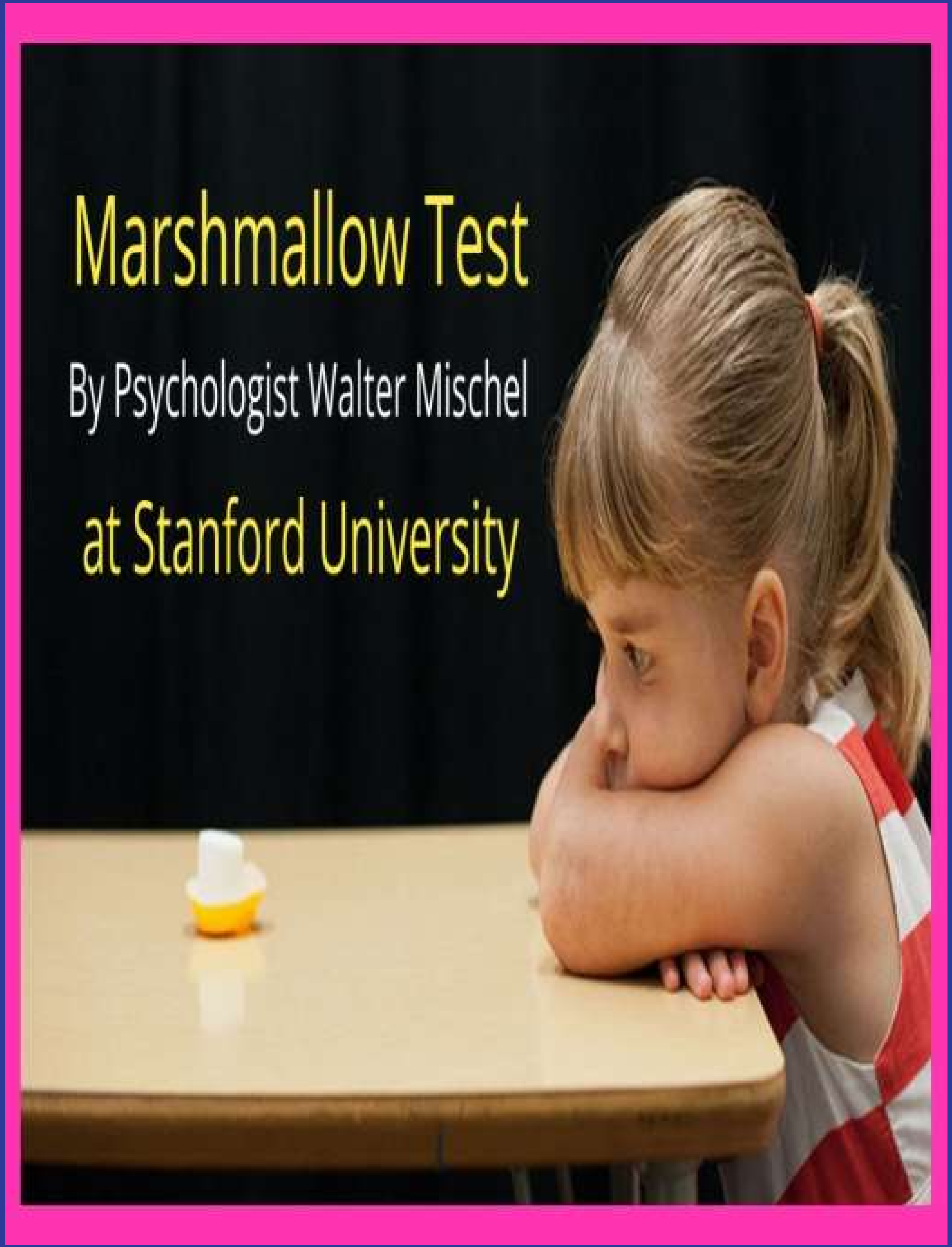
In listing currency terms



As at 24 July 2026



'Your view of human nature will change profoundly as you read this brilliant book.'
DANIEL KAHNEMAN
Author of Thinking, Fast and Slow
THE
MARSHMALLOW
TEST
Understanding self-control and how to master it
WALTER MISCHEL



Marshmallow Test
By Psychologist Walter Mischel
at Stanford University

Coronation Top 20 Fund
Rolling 12-month alpha

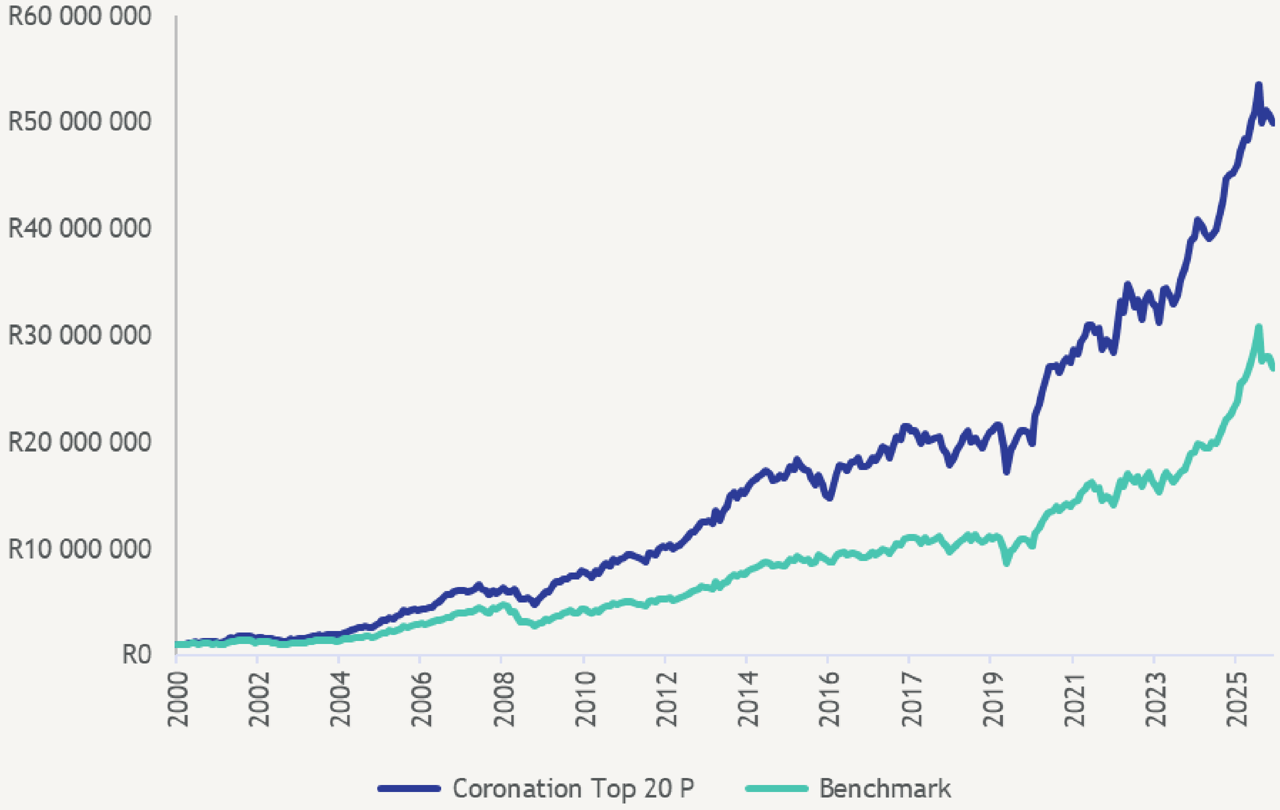
Emotional rollercoaster equivalent to a child sitting alone in a room with a marshmallow

Source: Coronation | For the P-class. As at 30 June 2026

Alpha compounds to significant value uplift over time

Periods ending 30 June 2026

Return	20 years (p.a.)	* Since inception (p.a.)
Coronation Top 20 Fund P	13.0%	16.4%
Benchmark**	11.7%	13.6%
Outperformance	1.4%	2.8%
Uplift on R1m	R2 509 003	R22 970 586



* Since inception of the A-class in October 2000. P-class inception date is April 2012. Returns are spliced with A-class returns for the period prior to the launch of the P-class. Highest annual return (A-class): 68.9% (May 2005 - Apr 2006); lowest annual return: -31.7% (May 2002 - Apr 2003)

** Benchmark (spliced) - FTSE/JSE Capped SWIX (from 1 April 2021). FTSE/JSE capped all share index (CAPI) (from 1 October 2015 - 31 March 2021). Previously FTSE/JSE Africa top 40 Index

Thank you

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