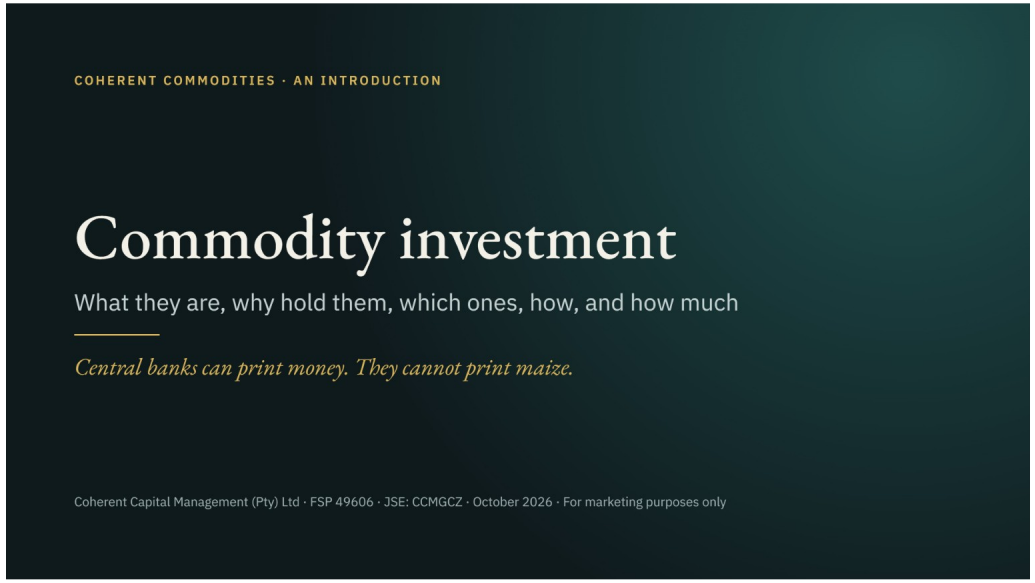


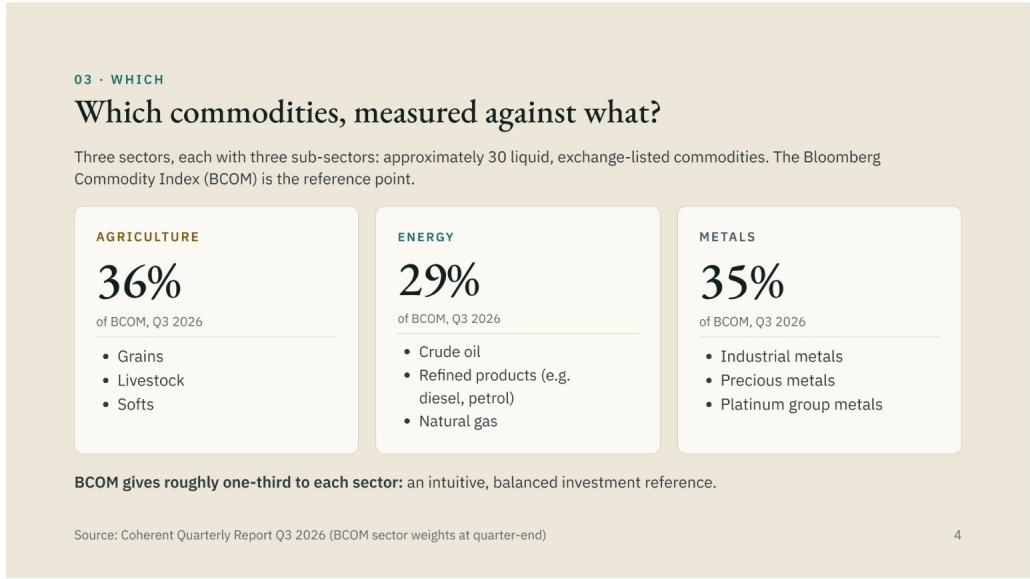
Opening one-liner (choose one): (1) “Central banks can print money. They cannot print maize.” (2) “Commodities: the only asset class with a weather forecast.” (3) “Not in boardrooms. Not in dealing rooms. But always in your CPI.” (used on the closing slide). Audience: South African allocators and fund managers. Data cut-offs: UBS data at 1 October 2026; long-run strategy composite to 30 June 2026.



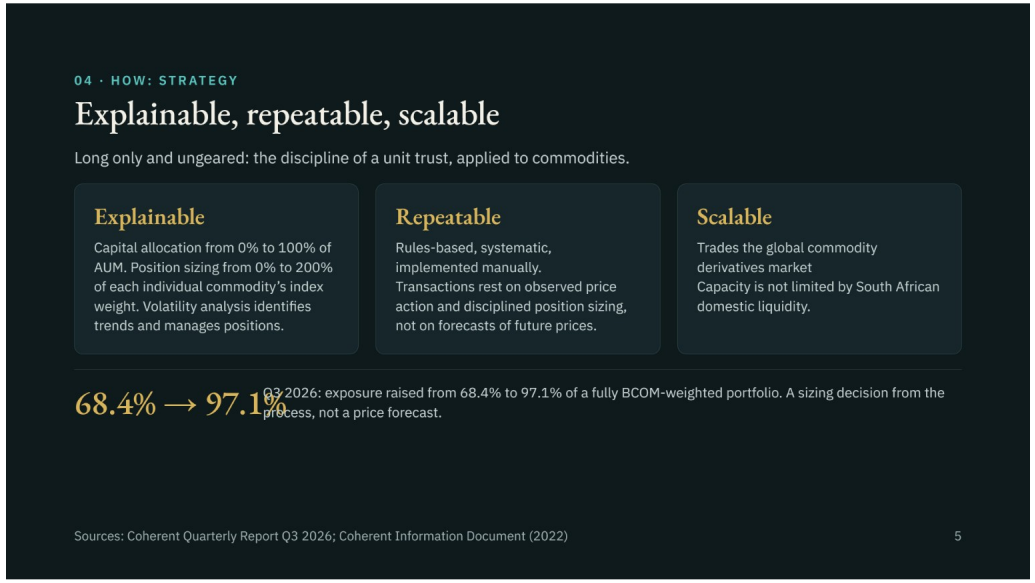
Mother Nature wording is taken from the 2024 Coherent deck attributing it to the JSE website; the original note read "made by God, not in boardrooms". Verify the exact JSE wording before external use. Examples are from the Q3 2026 report: WMO update of 3 September (persistence "nearly 100%", very strong event); Panama Canal draft cut to 47.5 ft; Rhine barge capacity about a quarter of normal at times; Brent US$94-99.49 in early September; US diesel record about US$6.53/gal on 22 September; President Trump considering a 90-day export ban. Hyperscalers: Q2 2026 report notes a single large AI data centre can consume up to 50,000 tonnes of copper. Precious metals: correction through Q3; central-bank buying 288 tonnes in Q2 2026. Pricing: commodities are priced on current supply and demand; shares in miners are priced on discounted cash flow (Coherent 2024: Implats/platinum and Anglogold/gold show R-squared of about 0.001).



Inflation: Gorton and Rouwenhorst, “Facts and Fantasies about Commodity Futures” (Yale/NBER 2004): commodity returns are negatively correlated with equity and bond returns because of different behaviour over the business cycle, and commodity prices are positively correlated with inflation, unexpected inflation and changes in expected inflation. Fuel pass-through: the CPI pass-through tool assumes a short, known mechanical lag (monthly price averaging plus one-month publication lag); food pass-through is longer and noisier. Diversification: correlation table is the 20-year monthly SA series from the 2024 deck. Year-to-date comparison is from the Q3 2026 report (JSE Top 40 total return and Xtrackers Global Government Bond ETF in ZAR, measured from 30 December 2025; CCMGCZ NAV from 31 December 2025; UBS factsheet shows 16.78%). The bond ETF price embeds the rand exchange rate. Single nine-month window, so illustrative only. Supercycle: 2022 information document (30 to 40 years). Q3 report: commodity supercycle thesis, bond-equity correlation now persistently positive.



BCOM sector weights at Q3 2026 quarter-end per the Q3 report table: Agriculture 36%, Energy 29%, Metals 35%. Sub-sector split is assumed (grains, livestock, softs; crude, refined products, natural gas; industrial, precious, PGM) and should be confirmed. Off-slide: the S&P GSCI is more energy-heavy, so it has been the better inflation hedge this season but is more volatile. This claim is not yet sourced and should be supported before external use.



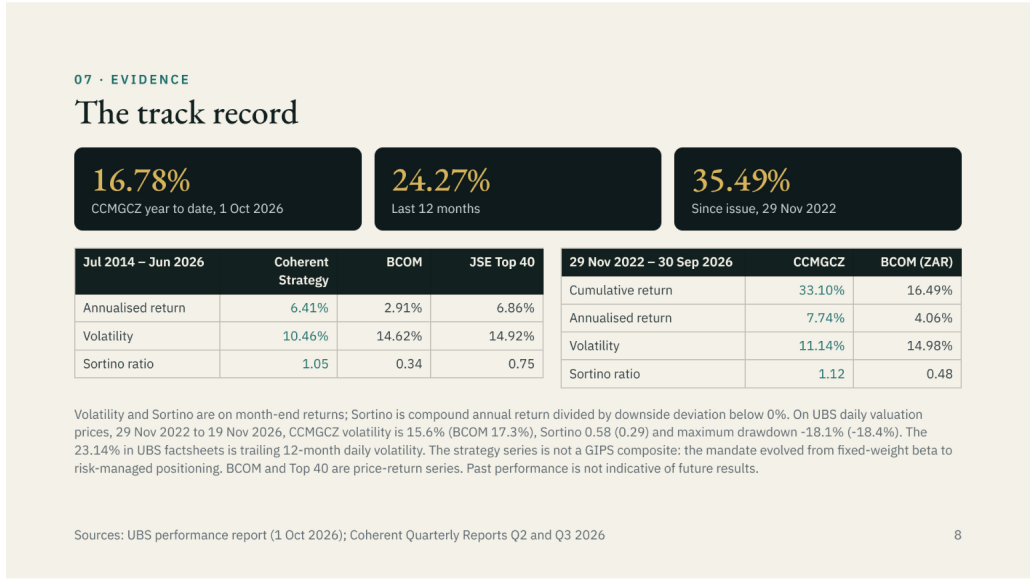
The 0-100% capital allocation and 0-200% position sizing are Coherent's internal capital allocation parameters, not external constraints. Trend identification uses volatility analysis with adaptive routines. The process is rules-based and applied systematically, with implementation done manually. Scalability: the 2022 information document estimated capacity at R2.5bn to R3.5bn when limited by the size of the SA agricultural market; that limit no longer applies because the portfolio now trades global commodity derivatives. It may become relevant for a specific SA domestic commodity mandate. Q3 2026 report: total exposure moved from 68.4% to 97.1% of a fully BCOM-weighted equivalent (CCMGCZ).



Regulatory background: CISCA currently limits commodity investment in a collective investment scheme to gold and precious metals (10%); ASISA has been drafting a broadening to harmonise with Regulation 28. See also the FSCA discussion paper in the project documents. Fees: in the 2022 deck the split was 0.25% issuer, 0.15% distribution and 0.60% portfolio advisor; the distribution fee is being absorbed into the advisor fee, giving 0.75% and a 1.00% TER for CCMGCZ (Q3 2026 report). CCMGCU shows 0.90% TER (0.25% issuer, 0.50% advisor, 0.15% distribution); its UBS factsheet still understates this. Liquidity terms as per Andy’s notes: continuous live prices at about a 1% bid/ask spread; institutional size at NAV plus brokerage at close of day. The Coherent Fuel Hedge Portfolio is a separate AMC, referenced only as an example of custom product creation.



Averages across the CPI+0 to CPI+9 grid: USD investor, index only 2.30% (table 3a); USD with Coherent risk management 8.73% (table 3b); ZAR investor, index only 1.79% (table 4a); ZAR with risk management 4.14% (table 4b). Risk-managed series is Coherent's historically modelled portfolio, not live fund results. For the ZAR investor, risk management was not applied to the USD/ZAR rate; each commodity was traded in ZAR. Regulation 28 of the Pension Funds Act 24 of 1956, Table 1, item 5 (Commodities): https://source.acts.co.za/pension-funds-act-1956/index.html?r98_part_vii_28__table_1.php. The 2.5% to 7.5% range is Coherent's practical range (crudely, depending on return targets and time horizon). Coherent Commodity Matrix: inflation and growth deviation from consensus; each cell starts at 0% and rises in 2.5% steps to 10% (high inflation, high growth). Message: not "good or bad" but "better or worse". The beta-only allocation of 2% to 5% in the draft notes is replaced by simulation results above; confirm.



07 · EVIDENCE

The track record

16.78%
CCMGCZ year to date, 1 Oct 2026

24.27%
Last 12 months

35.49%
Since issue, 29 Nov 2022

Jul 2014 – Jun 2026	Coherent Strategy	BCOM	JSE Top 40
Annualised return	6.41%	2.91%	6.86%
Volatility	10.46%	14.62%	14.92%
Sortino ratio	1.05	0.34	0.75

29 Nov 2022 – 30 Sep 2026	CCMGCZ	BCOM (ZAR)
Cumulative return	33.10%	16.49%
Annualised return	7.74%	4.06%
Volatility	11.14%	14.98%
Sortino ratio	1.12	0.48

Volatility and Sortino are on month-end returns; Sortino is compound annual return divided by downside deviation below 0%. On UBS daily valuation prices, 29 Nov 2022 to 19 Nov 2026, CCMGCZ volatility is 15.6% (BCOM 17.3%), Sortino 0.58 (0.29) and maximum drawdown -18.1% (-18.4%). The 23.14% in UBS factsheets is trailing 12-month daily volatility. The strategy series is not a GIPS composite: the mandate evolved from fixed-weight beta to risk-managed positioning. BCOM and Top 40 are price-return series. Past performance is not indicative of future results.

Sources: UBS performance report (1 Oct 2026); Coherent Quarterly Reports Q2 and Q3 2026

8

Headline returns are from the UBS CCMGCZ performance report at 1 October 2026 (RPL 135.49, rand, net income reinvested; all-time high 139.89 on 19 May 2026). The left table is the Coherent Commodity Strategy track record, July 2014 to June 2026, from the Q2 2026 report: annualised return 6.41% vs BCOM 2.91% and JSE Top 40 6.86%; volatility 10.46% vs 14.62% and 14.92%; Sortino 1.05 vs 0.34 and 0.75. The first years were a segregated account for a South African life insurer (2014 to 2021) that began as a beta-only mandate until a 17% drawdown prompted the introduction of risk management. The right table is month-end data to 30 September 2026: since 29 November 2022 CCMGCZ returned 33.10% cumulative (7.74% annualised), BCOM in ZAR 16.49% (4.06%), volatility 11.14% vs 14.98%. Its Sortino ratios are restated on the same method as the left table (compound annual return divided by downside deviation below 0% across all months): 1.12 for CCMGCZ and 0.48 for BCOM, about 2.3 times. The Q3 2026 Quarterly Report showed 1.41 and 0.53 on a different downside measure; that report has been distributed and is not restated here. On UBS daily valuation prices from 29 November 2022 to 19 November 2026: CCMGCZ volatility 15.6% vs 17.3% for BCOM (ZAR), daily Sortino 0.58 vs 0.29, maximum drawdown -18.1% vs -18.4%. UBS factsheet volatility of 23.14% replicates as trailing 365-day daily volatility annualised with 261 days; since-issue daily volatility is 15.3%. The 33.10% differs from the UBS since-issue figure of 35.49% because the Q3 table is measured from the 29 November 2022 issue date while the UBS RPL

07 · EVIDENCE

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8

starts at 25 November 2022. CCMGCU (USD) since 1 March 2022: see Q3 report.



Track record wording: “over a decade” = strategy since July 2014 (about 12.3 years); “almost 5 years” = CCMGCU since 1 March 2022 (about 4.6 years); CCMGCZ since 29 November 2022 is about 3.9 years. SAFEX founding-member and board history is taken from the project’s FSCA discussion paper. The 2024 deck also cites earlier macro hedge fund episodes (2004 bull market +42%, 2008 GFC bear market +30%) and a 2022 fuel hedge (+67%); these can be added verbally. Licence: Category II FSP per the Q3 2026 report (the 2022 deck said Category I and II).



Closing one-liner: “Not in boardrooms. Not in dealing rooms. But always in your CPI.” Alternatives: “Weather, politics and economics: someone has to price them.” Close by proposing a follow-up conversation on the right commodity allocation for the audience’s mandate, using the Strategic Asset Allocation calculator if useful.