Coherent Global Commodity Investment Portfolio

Product and firm brief: CCMGCZ (JSE, ZAR) and CCMGCU (SIX, USD)

Version 6. Daily data to 19 November 2026; month-end analytics to 30 September 2026; UBS factsheets of 10 November 2026. Companion to the white paper "Commodities in an Inflation-Led Regime".

Executive summary

Coherent Capital Management (Pty) Ltd is an authorised South African financial services provider (FSP 49606) and a specialist commodity boutique based in Cape Town. It has managed one long-only, ungeared, diversified commodity strategy since July 2014. Since 2022 the strategy has been available through two actively managed certificates (AMCs) issued by UBS AG: CCMGCU (USD, SIX Swiss Exchange, issued 1 March 2022) and CCMGCZ (ZAR, JSE, issued 29 November 2022). Investors take credit exposure to UBS.

The portfolio sets total exposure between 0% and 100% of a fully BCOM-weighted equivalent and sizes each commodity between 0% and 200% of its index weight, using rules based on observed price action, not forecasts. On UBS daily valuation prices since issue, CCMGCZ has returned 6.6% a year with 15.6% volatility, against 3.6% and 17.3% for the Bloomberg Commodity Index in rand. Costs are 1.00% a year for CCMGCZ and 0.90% for CCMGCU, with no performance fee.

The record is short, it is not a GIPS composite, and the process has evolved. Daily maximum drawdown (-18.1%) is similar to BCOM's, the portfolio lags in sharp rebounds, and the JSE Top 40 outperformed it since issue. The case for the product is diversification and a better return per unit of downside risk, not outperformance of every benchmark.

Key facts

	CCMGCZ (ZAR)	CCMGCU (USD)
Issuer	UBS AG	UBS AG
Listing	JSE	SIX Swiss Exchange
Issue date	29 November 2022	1 March 2022
Total expense ratio	1.00% (0.25% issuer + 0.75% RPA)	0.90% (0.25% issuer + 0.65% RPA)*
Performance fee	None	None
Assets (10 Nov 2026)	about R78m	about US$2.5m
Since issue (10 Nov 2026)	+26.93%	+20.61%
Year to date (10 Nov 2026)	+9.41%	+12.70%
12 months (10 Nov 2026)	+12.18%	+18.05%
UBS annual volatility**	23.14%	19.17%
UBS maximum drawdown	-18.13%	-25.00%
Benchmark	Bloomberg Commodity Index	Bloomberg Commodity Index

** The UBS factsheet and term sheet still show the CCMGCU RPA fee as 0.50%; Coherent expects UBS to correct this. ** Trailing 12-month daily volatility (see section 4). Source: UBS factsheets, 10 November 2026; Coherent.*

1. The firm

Coherent was founded in 2017 by Andy Pfaff and is a wholly owned subsidiary of Coherent Commodity Investment (Pty) Ltd. It is an authorised Category II financial services provider, licensed to give advice and

manage portfolios, and is a commodity-only boutique. Its principals were founding members of the commodity division of the South African Futures Exchange (now the JSE) and have served on the boards of the SA Institute of Financial Markets and the SA Hedge Fund Association. The strategy was run for a South African life insurer in a segregated account from 2014 to 2021 and has been available through listed certificates since 2022. CCMGCZ was the runner-up for the People's Choice award at the 2023 ETP Awards.

Coherent's process has been developed over two decades in South African bond, commodity, currency and equity markets. It began as an aggressive principal trading strategy and now has refined capital-allocation and risk-management routines. Risk appetite, volatility and payoff profile are a function of mandate design and client preference.

2. Structure and access

Each certificate is an actively managed certificate issued by UBS AG that holds a diversified portfolio of commodity index instruments selected by Coherent. Coherent is the portfolio adviser and receives the RPA fee. UBS prices the certificate daily, and it trades on its exchange: CCMGCZ on the JSE in rand, CCMGCU on the SIX Swiss Exchange in US dollars.

Table 1: Cost structure

	CCMGCZ	CCMGCU
Issuer fee	0.25%	0.25%
RPA fee	0.75%	0.65%
Total expense ratio	1.00%	0.90%
Performance fee	None	None

Source: DDQ v14 and UBS term sheets (fee position per amended agreements).

(a) Credit risk

The certificate is a debt obligation of UBS AG. Investors depend on the issuer's ability to meet its obligations and are not holders of the underlying instruments. Portfolios governed by Board Notice 90 of the Collective Investment Schemes Control Act may hold such notes from a single bank issuer only up to the single-issuer limit (30% of portfolio value for banks in the highest market-capitalisation tier).

(b) Regulation 28 and look-through

Retirement funds may hold up to 10% in commodities under Regulation 28 (gold up to 10%, each other commodity up to 5%). Funds test the certificate by look-through. Because each commodity is sized at no more than 200% of its index weight, gold, the largest BCOM constituent at about 14.9% of the index, can reach at most about 29.8% of the certificate. A fund that put its entire 10% commodity allowance into CCMGCZ would therefore hold about 3.0% of the fund in gold, well inside the 5% and 10% limits. The calculation assumes the certificate is the fund's only commodity holding.

(c) Capacity and customisation

Strategy capacity is estimated at R2.5bn to R3.5bn, limited mainly by the size of the South African agricultural market, with contingency plans to use global markets. The same commodity infrastructure supports customised solutions, including the FUELZA fuel price risk-management product for fuel-exposed businesses (a UBS factsheet is available on request).

3. Investment process

The portfolio is long-only and ungeared and draws on the constituents of the Bloomberg Commodity Index across agriculture, energy and metals. It is described as "beta plus risk management": it holds commodities that are rising and not those that are falling. Entry and exit routines are rule-based and applied systematically, and most inputs use weekly data.

- **Exposure range.** Total exposure from 0% to 100% of a fully BCOM-weighted equivalent. Each commodity from 0% to 200% of its index weight.
- **Conditional correlation.** The portfolio correlates strongly with commodities that are rising and weakly with those that are falling. Since issue its daily correlation with BCOM is 0.69 and its beta 0.62.
- **Risk budgeting.** Position sizing and management form one continuous feedback loop.
- **Manual routines under strict rules.** Some price-pattern routines are applied by people, because Coherent finds the human eye produces fewer false signals at the weekly time frame. They remain bound by process rules.

(a) Process in action: 2026

Table 2: Exposure and returns, CCMGCZ

Quarter	Exposure (% of BCOM-weighted)	Sector shift	CCMGCZ	BCOM (ZAR)
Q2 2026	95.5% to 68.4%	Metals 21.5pp under, Energy 9.1pp under	-9.9%	-11.8%
Q3 2026	68.4% to 97.1%	Energy 7pp over, Metals 10pp under	+8.9%	+15.4%

Exposure and sector positions from Coherent Q2 and Q3 2026 Quarterly Reports. Returns: CCMGCZ monthly returns compounded; BCOM month-end values converted to rand.

In Q2 the Strait of Hormuz disruption escalated, drew a supply-risk premium and de-escalated in under six weeks. The portfolio cut exposure by about 27 percentage points and fell 9.9%, against 11.8% for BCOM. In Q3 it re-risked by about 29 percentage points, mainly into energy where refined-product tightness appeared, and returned 8.9% against 15.4%, because it began the quarter at 68% exposure. The process responds to price action. Market commentary in the quarterly reports is context, not a basis for positions.

Table 3: Sector positioning at the end of Q3 2026 (CCMGCZ)

Sector	BCOM weight	Portfolio	Active	Change in Q3
Agriculture	36%	37%	+1%	+1.97pp
Energy	29%	36%	+7%	+15.69pp
Metals	35%	24%	-10%	+10.90pp
Total	**100%**	**97%**	**-3%**	**+28.56pp**

Source: Coherent Q3 2026 Quarterly Report.

4. Track record

Important. The performance shown is not a GIPS composite, and Coherent does not claim compliance with the Global Investment Performance Standards. The strategy evolved from a fixed-weight beta mandate to a risk-managed one: the first segregated client required a beta-only mandate until a 17% drawdown prompted the introduction of risk management. Earlier results were achieved under an earlier version of this process. The investable record is that of CCMGCZ since 29 November 2022, which UBS prices independently. Past performance is not a reliable indicator of future results.

(a) Investable record: CCMGCZ since 29 November 2022

Table 4: Daily basis, 29 November 2022 – 19 November 2026, ZAR

	Cumulative	CAGR	Volatility	Sortino	Max drawdown
CCMGCZ (UBS valuation prices)	**29.1%**	**6.6%**	**15.6%**	**0.58**	**-18.1%**
BCOM Index (ZAR)	15.0%	3.6%	17.3%	0.29	-18.4%
JSE Top 40 (J200, price return)	47.3%	10.2%	17.5%	0.84	-18.2%

Net of all fees. Daily returns on dates common to all series, annualised with 252 days. Sortino = compound annual return divided by annualised downside deviation below 0%. Source: UBS; Bloomberg; JSE; Coherent.

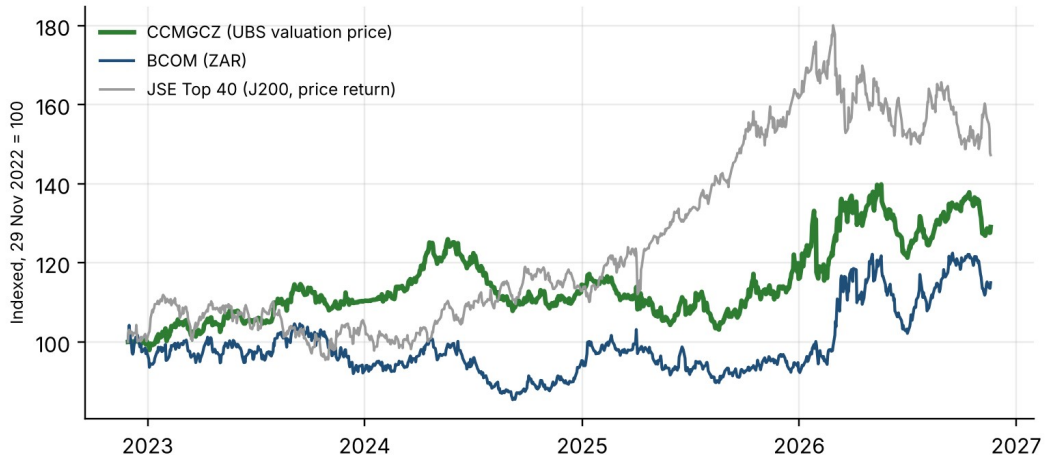

Figure 1. Indexed performance since CCMGCZ issue, 29 November 2022 = 100

Table 5: Calendar-year returns, ZAR

	CCMGCZ	BCOM (ZAR)	JSE Top 40	
2022 (from 29 Nov)	**+0.3%**	-2.2%	+0.2%	CCMGCZ ahead of BCOM
2023	**+9.9%**	-5.8%	+5.3%	CCMGCZ ahead of BCOM
2024	**+3.8%**	+3.4%	+6.9%	CCMGCZ ahead of BCOM
2025	**+1.3%**	-2.6%	+43.2%	CCMGCZ ahead of BCOM
2026 (to 19 Nov)	**+11.3%**	+23.9%	-8.9%	CCMGCZ behind BCOM

Price return for the Top 40. Source: UBS; Bloomberg; JSE.

CCMGCZ was ahead of BCOM in 2022, 2023, 2024 and 2025 and behind it in 2026, when commodity prices rallied sharply and the portfolio held less than full exposure for part of the year. The Top 40 returned 43.2% in 2025 and was the stronger asset over the whole window.

(b) Longer record: July 2014 – September 2026

Table 6: Month-end basis, 147 months, ZAR

	CAGR	Volatility	Sortino	Max drawdown
Coherent Commodity Strategy (net of fees)	**7.0%**	**10.4%**	**1.16**	**-16.7%**
BCOM Index (ZAR)	4.1%	14.7%	0.46	-27.7%
JSE Top 40 (J200, price return)	6.6%	15.0%	0.71	-23.5%

The strategy series equals the CCMGCZ net return from 2024. April and May 2019 are treated as 0%. See the important notice above. Source: Coherent; Bloomberg; JSE.

Month-end sampling misses intra-month lows, so the month-end drawdowns understate the daily ones for every series. The daily figures in Table 4 are the primary evidence for the investable product. Across the 147 months from July 2014, the strategy averaged +2.03% in the 73 months when BCOM rose (BCOM +3.77%) and -0.79% in the 74 months when it fell (BCOM -2.88%).

(c) Volatility: two UBS figures and ours

The UBS factsheet reports annual volatility of 23.14% for CCMGCZ. We replicate it from the daily valuation series as trailing 365 days of daily returns, annualised with 261 trading days (23.13% to 23.14% at 10 November 2026, matching the factsheet). It is therefore a trailing 12-month measure. Since issue, daily volatility is 15.3% and month-end volatility about 11%. Volatility was about 10% to 11% in 2023 and 2024, 15% in 2025 and 23% in 2026; BCOM's own trailing volatility is similar at about 23%. The CCMGCU figure (19.17%) cannot be replicated without the daily USD series.

5. Governance, team and due diligence

Coherent is the authorised financial services provider and portfolio adviser. It subcontracts accounting, fund administration, compliance and risk calculation to independent, regulated providers, so that its own time goes to strategy research and portfolio management. Its senior staff have decades of experience across strategy research, portfolio management, execution, settlement and business development.

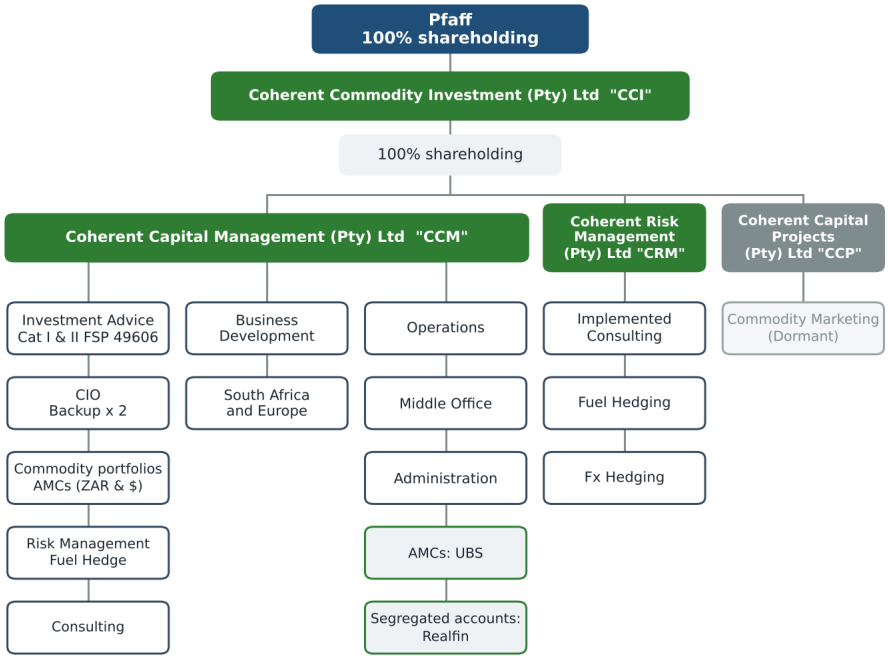

Figure 2. Coherent corporate structure

(a) Team

Name	Role	Background
Andy Pfaff	Chief executive and chief investment officer; lead portfolio manager; head of compliance	About 40 years in capital markets; LLB; former governor of the SA Institute of Financial Markets. Has managed the strategy since 2014. Sole director and ultimate shareholder.
Wendy Funnell	Head of operations	About 30 years in financial markets. Maintains client due-diligence records and profiles.
Kimon Boyiatjis	Backup portfolio manager; business development; fund adviser to the two AMCs	Almost 40 years in South African and international capital markets; Fellow of the SAIFM. Previously head of fixed interest and alternative investments at ABSA Asset Management and Nedcor Investment Bank. Joined the management team on 15 March 2026.
Dimitri Boyiatjis	Backup portfolio manager; business development; fund adviser to the two AMCs	Over 30 years in financial services; BCom. Front-office leadership, trading and fund management, including sales trading in London and Johannesburg. Joined the management team on 15 March 2026.

Source: Coherent DDQ v14, 18 November 2026. Kimon and Dimitri Boyiatjis are brothers; both previously ran Trident Capital Management (Pty) Ltd (FSP 29060), which has no assets or clients and is being closed or sold.

(b) Key-person risk and cover

The strategy has been managed by Andy Pfaff since 2014, and he is Coherent's sole director and ultimate shareholder. Coherent acknowledges key-person dependency and rates it a medium to high impact operational risk in its enterprise risk management policy. The mitigants are:

- a documented, systematic investment process;
- two designated backup portfolio managers (since 15 March 2026), who are also the senior succession candidates, although there is no formal succession plan;
- client assets in the AMCs are held through UBS and not by Coherent, and UBS's dealing system has the mandate limits hard coded; and
- business-continuity and disaster-recovery plans with remote access to systems, and insurance with Lombard Insurance Company Limited: professional indemnity R10m, crime and fraud R10m, fidelity R10m and key-person cover R2.5m.

Coherent has a flat management structure with no board sub-committees. It is in discussions about appointing independent non-executive directors. The two backup portfolio managers are paid under representative agreements at 50% of the fees earned on new assets they raise.

(c) Service providers

Function	Provider
Issuer, pricing and dealing system	UBS AG (UBS NEO direct market access system with mandate limits hard coded)
Compliance	Independent Compliance Services (ICS), which monitors FAIS and FIC Act compliance, audits and reviews policies
Accounting	Business Accounting Network (BAN)
External auditor	IJS Accounting (Pty) Ltd, appointed 1 May 2026 (previously BGC)
Fund administration	Realfin Fund Services (FSP 46537): formerly and likely future; not currently in use

Source: Coherent DDQ v14, 18 November 2026.

(d) Due-diligence pack

A due-diligence pack (DDQ v14 and 21 annexures) is available to consultants and platforms on request. It includes:

- nine signed policies: risk management compliance programme, enterprise risk management, conflicts of interest, gifts and entertainment, personal account trading, treating customers fairly, complaints resolution, business continuity and disaster recovery (signed 30 June 2026);
- the FSCA licence (FSP 49606), CIPC registration and audited annual financial statements for FY2023 to FY2025;
- the UBS factsheets and term sheets, the latest quarterly reports and the generic presentation; and
- an oversight and compliance register that assigns each recurring control (for example the monthly UBS factsheet check, quarterly personal-account trading review and six-monthly business-continuity test) to a named owner.

  The FY2026 audited financial statements (year end 30 June 2026) are not yet complete and will be supplied when signed.

6. Risks and limitations

- **Issuer risk.** The certificates are obligations of UBS AG.
- **Lag after reversals.** The rules require confirmation of the end of rising prices before exposure is reduced, and vice versa before new positions are initiated. The price of confidence is missing the initial reversal. After a V-shaped move the portfolio gives up a greater part of the rebound, as in Q3 2026 (+8.9% against +15.4%).
- **Drawdowns.** Since issue the daily maximum drawdown (-18.1%) is similar to BCOM's (-18.4%). The largest single-day fall was 10.2% on 30 January 2026.
- **Tracking versus the benchmark.** The portfolio is deliberately different from BCOM, and in a given year or quarter the difference can be large (2026 to date: +11.3% against +23.9%).
- **Rising volatility.** Trailing 12-month volatility has risen to about 23%, double its 2023–2024 level.
- **Short, evolving record.** The investable record is under four years and the process has been refined since 2014. The longer record is not a GIPS composite.
- **Size and liquidity.** The certificates are small (about R78m and US$2.5m). Dealing and market-making terms are in the UBS term sheets.
- **Regime dependence.** Commodities address inflation risk. In a growth shock they can fall with equities.

7. Closing statement

Coherent offers a single, explainable commodity process in a listed, daily-priced form, with a record, controls and costs that can be examined. It is a specialist, small and evolving manager with a short investable record, and it states its limitations openly. We welcome due diligence and will supply the full questionnaire pack on request. The next step for an interested allocator is to review the white paper, request the pack, and test the certificate against the fund's Regulation 28 position and its own risk limits.

Basis of preparation

Data: UBS daily valuation prices for CCMGCZ (RPL history to 19 November 2026); Coherent monthly strategy returns to 30 September 2026; Bloomberg Commodity Index in rand; FTSE/JSE Top 40 (J200) price return. UBS factsheet figures are as at 10 November 2026.

Sortino ratio is compound annual return divided by annualised downside deviation, calculated as the square root of the mean squared return below 0% across all periods. Daily figures are annualised with 252 days; UBS volatility uses 261 days.

Common-date comparison for Table 4 drops days on which any series has no price, so the cumulative figure can differ slightly from UBS's published since-issue return (29.12% to 19 November).

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