Commodities in an Inflation-Led Regime

The case for a risk-managed commodity allocation in South African portfolios

White paper, version 9. Daily data to 19 November 2026; monthly analytics to 30 September 2026. All returns in rand (ZAR) unless stated.

Executive summary

For four decades South African allocators could rely on bonds to cushion equity drawdowns. In 2026 that assumption is under strain. Coherent's Q3 2026 Quarterly Report records sharply higher government bond yields in Japan, the United Kingdom and Germany, a bond–equity correlation that has been repeatedly positive since 2022, and an oil–Treasury correlation reported at a 36-year high. When markets price inflation rather than growth, a 60/40 portfolio loses part of the protection it was built to provide.

This paper asks what role commodities can play in that regime, and whether the role is best filled by passive commodity exposure, by resource equities, or by a risk-managed commodity portfolio. We draw on the academic literature, on twelve years of Coherent's live strategy record, on daily UBS valuation data for the JSE-listed Coherent AMC CCMGCZ since issue, and on the South African regulatory framework.

We conclude that commodities are a distinct asset class with diversifying properties; that resource equities do not replicate them; that passive exposure is volatile and can suffer long drawdowns; and that a long-only, ungeared, rules-based risk-management overlay has delivered a better risk-adjusted outcome than passive exposure, at a cost in lagging sharp rebounds. We also state plainly where the evidence is limited.

Key findings

- **The traditional hedge is weaker in 2026.** The bond–equity cushion behind a 60/40 portfolio has been unreliable since 2022, and inflation-driven regimes favour assets that are themselves part of the inflation calculation.
- **Commodities are a distinct asset class, with caveats.** Gorton and Rouwenhorst found that collateralised commodity futures historically offered equity-like returns with low or negative correlation to equities and bonds. Erb and Harvey warn that the average long-only commodity return has been modest and that futures are a questionable inflation hedge in any given period. Risk management is therefore essential, not optional.
- **Resource equities are not commodity exposure.** Between January 2014 and September 2026, monthly returns of the FTSE/JSE Resource 10 Index (price return) and the Bloomberg Commodity Index (BCOM, ZAR) had a correlation of only 0.15. Rolling 36-month correlation ranged from -0.24 to +0.47. At stock level, a commodity explains only 15% to 31% of the monthly variance of three leading South African resource shares.
- **Risk management changed the profile of the return.** From July 2014 to September 2026 the Coherent Commodity Strategy returned 7.0% a year with 10.4% volatility (month-end data), against 4.1% and 14.7% for BCOM (ZAR). Since the JSE-listed AMC (CCMGCZ) was issued, measured on UBS daily valuation prices, it returned 6.6% a year with 15.6% volatility, against 3.6% and 17.3% for BCOM.
- **The edge is return per unit of downside, not lower drawdown.** Measured daily since issue, the maximum drawdowns of CCMGCZ (-18.1%) and BCOM (-18.4%) are similar. The daily Sortino ratio is about twice that of BCOM (0.58 against 0.29). The strategy does not beat the JSE Top 40 (price return) over the same window; its case is diversification, with a daily correlation to the Top 40 near zero.

- **Volatility has risen.** UBS reports 23.14% annual volatility for CCMGCZ. We replicate it exactly as trailing 12-month daily volatility. Over the same window BCOM (ZAR) is at about 23%, so the whole asset class is in a high-volatility regime.
- **Regulation allows it, but the wrapper is narrow.** Regulation 28 permits retirement funds to hold up to 10% in commodities (gold up to 10%, each other commodity up to 5%). The CISCA framework limits domestic unit trusts to precious metals. An actively managed certificate is the practical route today.

Recommendation

Allocators with no commodity exposure, or who rely on resource equities for it, should review their strategic allocation. Where a commodity allocation is appropriate we suggest a range of 2.5% to 7.5% of the portfolio, held in a long-only, ungeared and risk-managed form, and sized within the Regulation 28 limits. A hypothetical optimisation (section 6) points to roughly 1.8% for passive exposure and 4.1% for the risk-managed approach, which sits inside that range. This paper does not recommend a particular instrument; the companion Product and Firm Brief describes one way to implement the recommendation.

1. The problem: when bonds stop hedging equities

A 60/40 portfolio rests on the assumption that bonds rise when equities fall. That holds when growth shocks dominate, because falling growth lowers both inflation and yields. It fails when inflation shocks dominate, because rising yields hurt bonds and equities together.

Coherent's Q3 2026 Quarterly Report documents the 2026 evidence. Japan's 10-year yield rose above 3% for the first time since 1996, UK gilt yields reached levels last seen in mid-2007 and German Bund yields reached levels last seen in 2011. The report cites Barchart for the rolling correlation between oil and the US 10-year Treasury yield reaching its highest level in 36 years, and describes the equity–bond correlation as having turned positive "repeatedly and with increasing persistence" since 2022.

International evidence ties the shift to inflation. Barclays Private Bank (March 2025) links the turn in the equity–bond correlation in 2022 mainly to high inflation and monetary-policy uncertainty. Our own test on Robert Shiller's US data, for windows ending 1928 to October 2026, points the same way (Figure 1). The rolling 36-month correlation between S&P composite total return and a 10-year Treasury return averaged -0.18 when three-year inflation was between 0% and 2%, +0.14 between 3% and 4%, and +0.28 between 4% and 6%. All 173 windows with inflation above 6% showed a positive correlation, the lowest being +0.03. The relationship is not linear. Above about 6% the correlation stops rising, and between 1970 and 1999 it eased at the highest inflation rates. The correlation peaked at +0.57 in June 2024 and had fallen to +0.03 by October 2026 as inflation cooled.

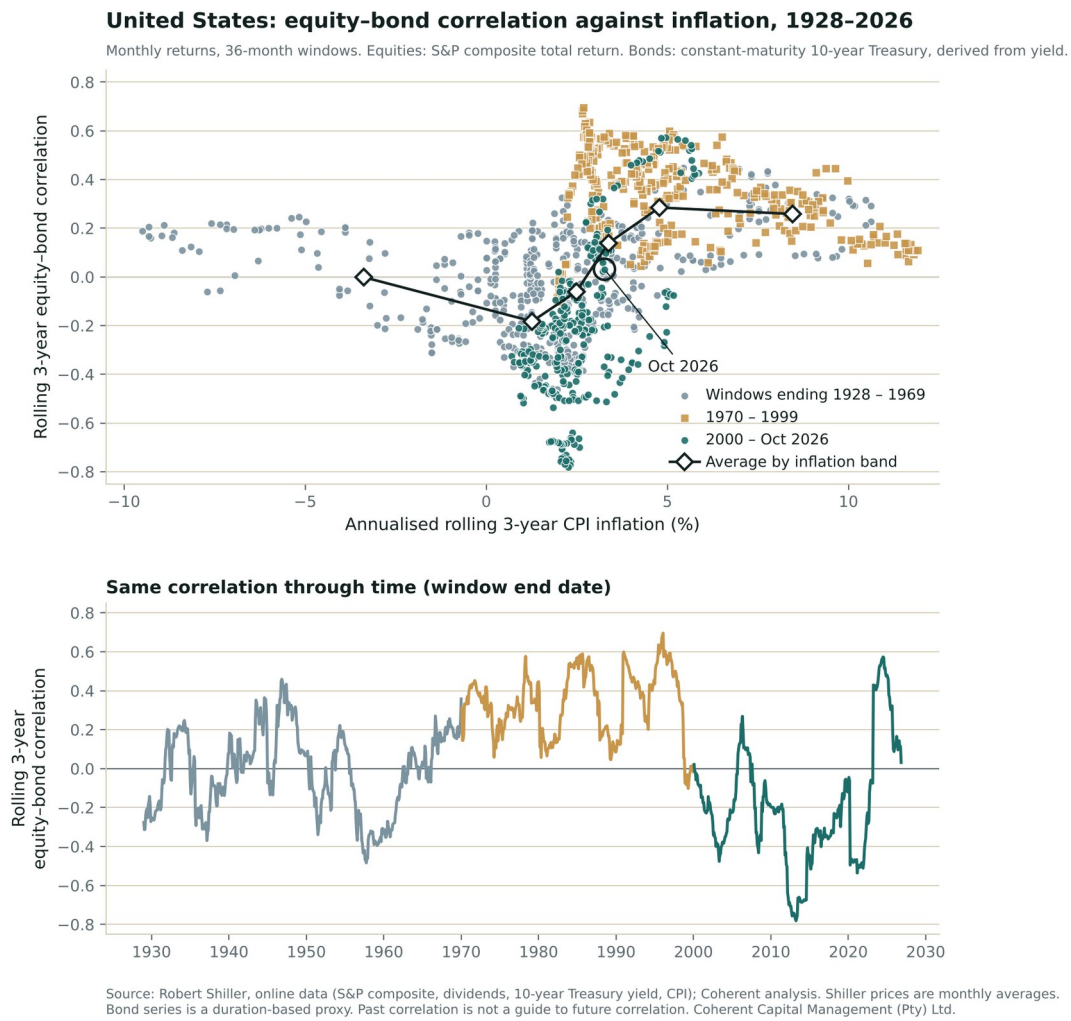

Figure 1. United States equity–bond correlation against three-year inflation (upper panel) and through time (lower panel), windows ending 1928 – October 2026

Monthly returns, 36-month rolling windows (overlapping, so indicative only). Equities: S&P composite total return. Bonds: constant-maturity 10-year Treasury return derived from the yield; a proxy. Shiller's prices are monthly averages, which smooths monthly returns. Source: Robert Shiller, online data (S&P composite, dividends, 10-year yield, CPI); Coherent.

South African data show the same change in regime, but not the same mechanism. Using monthly JSE Top 40 returns and a constant-maturity 10-year bond return derived from the yield, the rolling 36-month equity–bond correlation ranged from -0.21 to +0.24 between mid-2013 and 2019. Since mid-2020 it has ranged from +0.28 to +0.64 (Figure 2). Over these windows, three-year inflation ranged only from 3.6% to 7.8%, and the correlation did not rise with it. The windows with inflation above 6.5% all end between August 2009 and September 2010 and averaged -0.07. The windows with inflation of 4.5% or below all end between July 2019 and October 2026 and averaged +0.35. Inflation and time are therefore confounded in this sample. We present the South African evidence as a change in how local bonds and equities behave together since 2020, and we do not claim that South African inflation caused it. A common local risk premium that moves bonds and equities together is one possible explanation; we have not tested it.

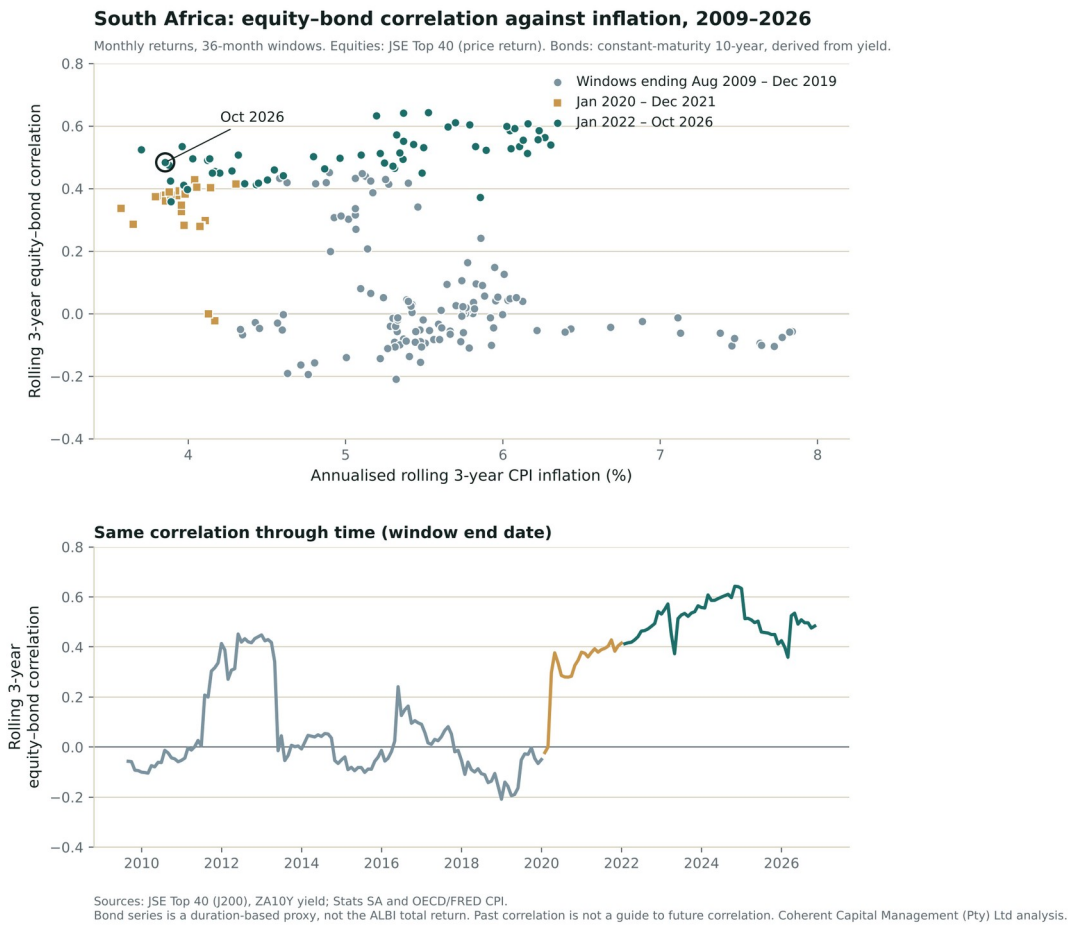

Figure 2. South African equity–bond correlation against three-year inflation (upper panel) and through time (lower panel), windows ending August 2009 – October 2026

Monthly returns, 36-month rolling windows (207 windows, overlapping, so indicative only). Equities: FTSE/JSE Top 40 (price return). Bonds: constant-maturity 10-year return derived from the ZA10Y yield; this is a proxy, not the JSE All Bond Index total return. Inflation: OECD/FRED CPI to January 2025 and Stats SA headline CPI thereafter. Source: TradingView; Stats SA; OECD; Coherent.

Most investment mandates are set relative to inflation, typically CPI plus a target, because inflation erodes purchasing power. Growth assets are not an inflation hedge. They are held to outperform inflation over time, and have done so: the JSE Top 40 (price return) compounded at about 11% a year against CPI at about 5% between 2002 and 2025. Of the main liquid asset classes, commodities have shown the most consistent positive relationship with inflation (Gorton and Rouwenhorst, 2006). In South Africa, over twelve-month periods since 2015, commodity returns in rand moved with changes in inflation while equities and bonds did not. The relationship depends on the regime, and we return to that below.

Commodities are different in kind. They are inputs to production and are themselves constituents of the inflation measure. In South Africa that link is visible and mechanical: fuel is priced monthly from international product prices and the rand, and food prices follow agricultural markets with a longer lag (section 7).

This argument is not new, but its evidence is harder to dismiss than it was a year ago. It also carries a warning. The hedge is regime-dependent: in growth-shock regimes, such as 2008, commodities fell with equities. A commodity allocation addresses one risk, inflation, and should be sized with that in mind.

2. Commodities as an asset class

(a) The evidence for

Gorton and Rouwenhorst (2006) constructed an equally weighted, fully collateralised index of commodity futures from 1959 to 2004 and found that it earned returns comparable to equities, with a similar Sharpe ratio, a negative correlation to equities and bonds, and a positive correlation to inflation. Bhardwaj, Gorton and Rouwenhorst (2015) later updated the study. Erten and Ocampo (2013) show that real commodity prices move in long super-cycles linked to the development of large economies, which is the setting for the current debate on electrification and metals demand.

Table 1: Correlation of monthly returns, 1985–2021 (USD)

	US CPI	Global equities	Global bonds	Global property	Cash
Global commodities (BCOM)	0.20	0.30	0.06	0.28	0.33

Source: Coherent Information Document (2022), Bloomberg data. Not re-estimated for this draft.

In the same document, rising-inflation periods were associated with average 12-month BCOM returns of +11.6% in USD (1972–2021) and +20.3% in rand, against -4.4% and +2.8% in falling-inflation periods. These are descriptive averages, not forecasts.

(b) The evidence against complacency

Erb and Harvey (2006) examine the same asset class and reach a more cautious conclusion. They find that the return of a long-only commodity portfolio depends heavily on how it is constructed and rebalanced, and that the relationship between commodity futures and inflation is not reliable enough to call them a dependable inflation hedge. The practical lesson is that holding the index passively is not enough. Return depends on how the portfolio is built and managed, which is the subject of section 4.

3. Resource equities are not commodity exposure

A common response from allocators is that South African portfolios already hold commodity exposure through resource shares. The data do not support this.

(a) Index level

Using the FTSE/JSE Resource 10 Index (J210, price return) and BCOM converted to rand, the correlation of monthly returns from January 2014 to September 2026 (152 months) was 0.15. The correlation is also unstable: the 36-month rolling figure ranged from -0.24 to +0.47, and the 12-month figure from -0.58 to +0.81. Resource equity volatility was 29% against 14.5% for the commodity index.



Figure 3. Correlation of monthly returns, FTSE/JSE Resource 10 Index (price return) and BCOM (ZAR), January 2014 – September 2026

The index itself is concentrated. It holds the ten largest resource companies on the JSE by investable market capitalisation. The Satrix RESI ETF, which tracks the capped version of the index with each weight limited to 30%, reports a composition of 97.6% basic resources and 2.4% chemicals. A holder is therefore exposed to a handful of mining shares, with no agricultural exposure and little energy-commodity exposure.

(b) Stock level

To test whether the weakness is an index artefact, we paired three JSE resource shares with the commodity each is most often assumed to track, using daily data converted to rand and compounded to month-end returns from January 2014, the same start date as the index-level test above.

Table 2: Resource shares against their own commodity (monthly returns, ZAR)

Pair	Period	Months	Correlation	Rolling 36m range	Rolling 12m range	36m windows below 0.5
Harmony Gold (HAR) vs Gold (ZAR)	Jan 2014 – Oct 2026	153	**0.56**	0.39 to +0.69	0.00 to +0.85	25%
Sasol (SOL) vs Low-sulphur gasoil (ZAR)	Jan 2014 – Oct 2026	153	**0.39**	0.10 to +0.66	-0.14 to +0.87	64%
Impala Platinum (IMP) vs Platinum (ZAR)	Jan 2014 – Oct 2026	153	**0.52**	0.19 to +0.77	-0.06 to +0.84	62%

Source: JSE, ICE Europe, NYMEX, FX data via TradingView; Coherent analysis. Commodity series are continuous front-month futures (gasoil, platinum) and spot gold, all in rand.

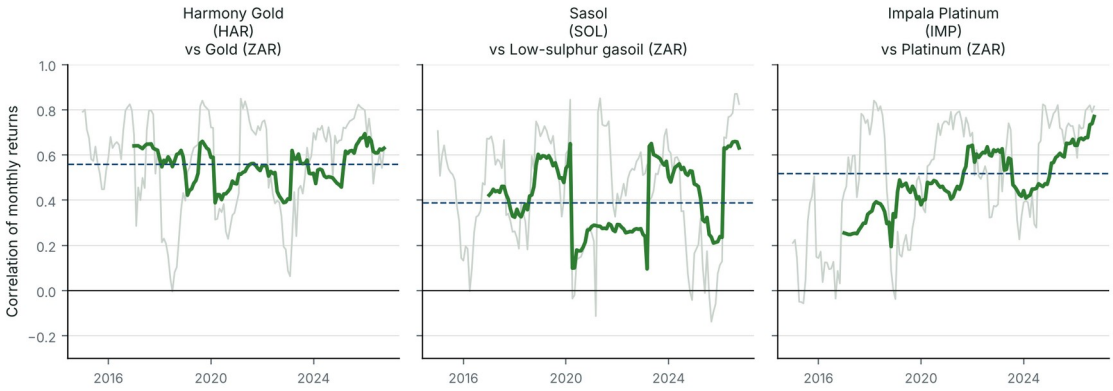

Figure 4. Rolling 36-month correlation (green) and 12-month correlation (grey) of each share with its commodity; dashed line is the full-period correlation, January 2014 – October 2026

Three conclusions follow. First, the full-period correlations are moderate (0.39 to 0.56), so a commodity explains only 15% to 31% of each share's monthly variance. Second, the relationship moves over time: for platinum and Impala, 62% of 36-month windows show a correlation below 0.5. Third, the shares are far more volatile than their commodities (for example 72% annualised for Harmony against 17% for gold) because they carry operating leverage, costs, labour and capital-allocation risk. The share and commodity series start in 2010; using that longer history, the correlations are 0.51 (Harmony), 0.39 (Sasol) and 0.46 (Impala), which supports the same conclusion.

The link has strengthened recently: the latest 36-month correlations are 0.63 (Harmony), 0.63 (Sasol) and 0.77 (Impala). A strong gold and platinum market has lifted the shares together with the metals. This does not change the conclusion. The correlation has varied widely over the sample, it is not controlled by the investor, and resource shares also carry equity-market risk that a commodity holding does not.

Finally, the Coherent strategy itself has a monthly correlation of 0.19 with the Resource 10 Index over the same period, so it diversifies a portfolio that already holds resource shares.

4. Passive versus risk-managed exposure

A passive commodity index is simple but carries commodity beta in full: high volatility, long drawdowns and a return that depends heavily on the roll yield. Market-capitalisation equity indices are reconstituted to remove weaker constituents and give more weight to stronger ones, so they carry a structural upward drift. A commodity index has no such mechanism: commodity indices did not remove crude oil when the front-month WTI contract settled at -$37.63 on 20 April 2020, during the COVID-19 lockdown. Coherent's approach is long-only and ungeared. Total exposure ranges from 0% to 100% of a fully BCOM-weighted equivalent, and each commodity is sized from 0% to 200% of its index weight, using rules based on observed price action, not forecasts. The approach follows the trend-following literature: Hurst, Ooi and Pedersen (2017) find positive average trend-following returns across a century of data, including through major crises.

(a) Record since July 2014

Table 3: Month-end basis, July 2014 – September 2026 (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%

Sortino = compound annual return divided by annualised downside deviation below 0%. Source: Coherent; Bloomberg; JSE.

The record is the Coherent Commodity Strategy, which since 2022 is the CCMGCZ and CCMGCU certificates. It is not a GIPS composite: the mandate evolved from a fixed-weight beta mandate to risk-managed positioning, so the early history reflects an earlier version of the process. Investors should weigh the later record more heavily.

(b) Investable record since 29 November 2022

CCMGCZ was issued on 29 November 2022. UBS publishes a daily valuation price, which allows a complete daily comparison on an investable basis.

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%

Daily returns on dates common to all three series; volatility annualised with 252 days. CCMGCZ is net of all fees. Source: UBS; Bloomberg; JSE; Coherent.

Four points stand out. CCMGCZ returned nearly twice BCOM's return with lower volatility, and the daily Sortino ratio is about twice as high. Its daily correlation with BCOM is 0.69 and its beta 0.62, so it remains a commodity portfolio. Its daily correlation with the Top 40 is approximately zero (-0.02). But the Top 40 outperformed it over this window (10.2% against 6.6% a year), and the maximum drawdown is no better than BCOM's on a daily measure.

On month-end data the same period shows a shallower drawdown than BCOM. The difference arises because month-end sampling misses intra-month lows. We therefore treat the daily figures as the primary evidence for the investable product, and month-end figures as the longer-run context.

(c) Volatility: two figures, one explanation

The UBS factsheet for CCMGCZ reports annual volatility of 23.14% (10 November 2026). Our month-end figure since issue is about 11%. The two do not conflict. We replicate the UBS figure from the daily valuation series: trailing 365 days of daily returns, annualised with 261 trading days, gives 23.13% to 23.14% at 10 November. The UBS figure is therefore trailing 12-month volatility, not volatility since issue.

Measured since issue on the same daily series, volatility is 15.3%. It was about 10% to 11% in 2023 and 2024, 15% in 2025 and 23% in 2026, as the portfolio re-risked and commodity markets became more volatile. BCOM's own trailing 12-month volatility is similar at about 23%, so the rise reflects the asset class as well as the portfolio.

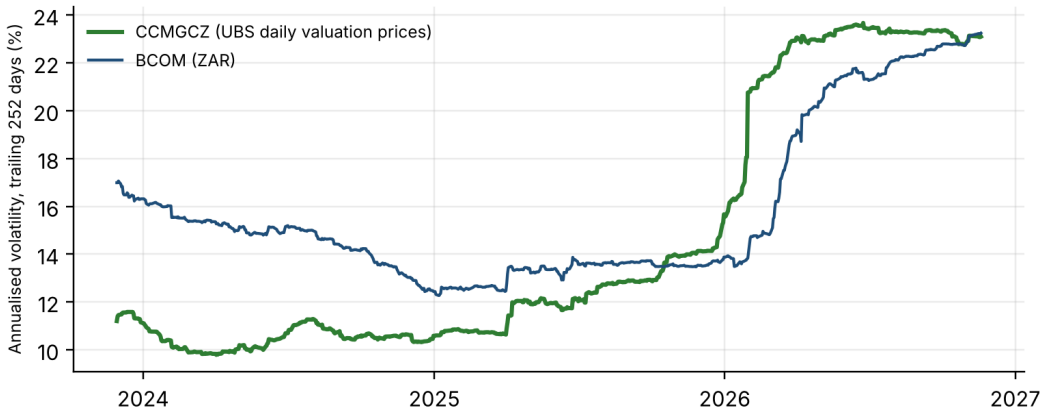

Figure 5. Trailing 252-day volatility, CCMGCZ and BCOM (ZAR)

(d) What the overlay gives up

Risk management has a cost. Across the 147 months from July 2014 to September 2026, in the 73 months when BCOM rose, the strategy averaged +2.03% against +3.77% for BCOM. In the 74 months when BCOM fell, the strategy averaged -0.79% against -2.88%. Since issue (46 months) the pattern is the same but narrower: +2.18% against +2.94% in rising months and -1.47% against -3.15% in falling months.

5. Regulatory landscape

(a) Retirement funds: Regulation 28

Table 1 of Regulation 28 to the Pension Funds Act permits retirement funds to hold up to 10% of assets in commodities. The category covers Krugerrands and other commodities listed on an exchange, including exchange-traded commodities. Gold may use the whole 10%; each other commodity is limited to 5%. The current wording was substituted by Notice 2230 of 1 July 2022 and took effect on 3 January 2023.

Funds test a certificate such as CCMGCZ by look-through to its underlying exposures, and administrators are free to do so. The arithmetic shows why the single-commodity limits are not a practical constraint. The portfolio sizes each commodity at no more than 200% of its index weight. Gold, the largest BCOM constituent at about 14.9% of the index, can therefore reach at most about 29.8% of the certificate. If a fund placed its entire 10% commodity allowance in the certificate, gold would be about 3.0% of the fund, well inside both the 10% gold limit and the 5% limit for any other commodity. The same holds for every other constituent, because none comes close to a 25% index weight, the level at which a doubled position would reach 50% of the certificate and 5% of the fund.

The calculation assumes the certificate is the fund's only commodity holding. A fund that holds other commodity instruments as well should add them to the look-through.

(b) Collective investment schemes

Under Board Notice 90 to the Collective Investment Schemes Control Act, a domestic portfolio may hold commodity exposure only in listed, non-synthetic precious-metal instruments without physical delivery, capped at 10% of portfolio value. Derivatives may be used only for efficient portfolio management. This narrow universe prevents unit trusts from offering broad agricultural, energy or industrial-metal exposure.

A 2023 draft amendment to Board Notice 90 left existing precious-metal commodity funds unchanged, and its final status is not confirmed from public sources. The FSCA's CIS Notice 1 of 2026 defines commodity exchange-traded funds more broadly (agricultural, natural-resource and precious-metal), but

it governs foreign schemes marketed in South Africa, not domestic schemes. Coherent has prepared a discussion paper on broadening the domestic universe to match Regulation 28's three sectors of agriculture, energy and metals.

The consequence is a regulatory gap: retirement funds may hold diversified commodities, but local unit-trust vehicles cannot supply them. An actively managed certificate listed on the JSE fills that gap today, with the trade-off that the investor takes credit exposure to the issuer. Where a portfolio holds such certificates, Board Notice 90 also limits exposure to a single bank issuer (30% of portfolio value for banks in the highest market-capitalisation tier).

6. How much to allocate

The figures in this section are hypothetical. They come from a simulation of historical modelled returns, not from actual portfolio results.

Using a bootstrap Monte Carlo of 50,000 random portfolios and historical monthly returns, we measured the commodity weight in the top 5% of portfolios ranked by the probability of achieving real return targets (CPI plus 0% to 9%) over horizons of one to five years. The table gives the average optimal weight across targets and horizons.

Table 5: Hypothetical average optimal commodity allocation

Investor	Passive index (BCOM)	Risk-managed portfolio
ZAR investor	1.8%	4.1%
USD investor	2.3%	8.7%

HYPOTHETICAL. Based on 2000–2021 data and historically modelled returns for the risk-managed portfolio. Not actual performance. Source: Coherent Information Document (2022).

The risk-managed result rests on a modelled series for 2002–2021. The live record now covers a longer period, and we plan to re-run the analysis on actual returns. Until then the 2.5% to 7.5% range is a judgement that brackets the hypothetical results, and it remains within the Regulation 28 ceiling of 10%.

7. South African transmission: fuel, food and the rand

Commodities reach a South African investor's liabilities through three channels. The first is price: the Bloomberg Commodity Index is priced in dollars. The second is the rand: a weaker currency raises the rand price of every commodity. The third is the consumer price index.

Coherent's CPI pass-through model maps each BCOM constituent to a South African CPI category, applies a futures-curve-implied path and a rand forward, and estimates the effect on headline inflation. Its inputs show where the link is strongest. Fuel is the most direct: South Africa's Basic Fuel Price benchmarks to Mediterranean and ARA cargo quotations (EuroDiesel), retail prices are set monthly from averaged prices, and the model assumes a lag of about two months with high confidence. Food is longer and noisier: the model assumes lags of six to ten months for cereals, oils and meat, and lower confidence, because harvests, import parity and retailer margins interfere.

The model is a discussion aid, not a forecast. Its elasticities, lags and second-round multipliers are judgement-based, and some CPI sub-weights are flagged as estimates to be checked against Statistics South Africa's latest weights before client use. Its value to an allocator is as a map of which commodities matter for which part of the inflation basket, and why a portfolio that is long diesel, grains and the dollar behaves differently from one that is long mining shares.

8. The process in action

Two consecutive quarters in 2026 show how the process behaves. It responds to price action, not to commentary, and the cost of that discipline is visible in both quarters.

Table 6: Exposure and returns, CCMGCZ, 2026

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. Source: UBS; Bloomberg; Coherent.

In Q2 the Strait of Hormuz disruption escalated, drew a supply-risk premium and de-escalated in under six weeks. The portfolio cut total exposure by about 27 percentage points and finished the quarter 9.9% lower, against 11.8% lower for BCOM. The de-risking helped, but it was modest. In Q3 the portfolio re-risked by about 29 percentage points, mainly into energy where refined-product tightness appeared. It returned 8.9% against 15.4% for BCOM, because it began the quarter at 68% exposure. This is the lag after a sharp reversal, described in the next section.

9. Limitations and risks

- **Correlation evidence is indicative.** The equity–bond analyses in section 1 use overlapping windows, price-return equities in the South African case and a bond return derived from the yield, so it describes a pattern and does not establish a cause.
- **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 are not eliminated.** Since issue, CCMGCZ's maximum drawdown on daily data was 18.1%, similar to BCOM's. The largest single-day decline was 10.2% on 30 January 2026.
- **Tracking against the benchmark.** The portfolio is deliberately different from BCOM. Its daily correlation with BCOM is 0.69, and in individual quarters it can deviate widely.
- **Issuer risk.** CCMGCZ and CCMGCU are certificates issued by UBS AG. Investors depend on the issuer's ability to meet its obligations.
- **Short and evolving record.** The investable record is under four years. The process has been refined since 2014, the longer record is not a GIPS composite, and the hypothetical allocation figures rest on modelled returns.
- **Scale.** The AMCs are small, at about R78m (CCMGCZ) and US$2.5m (CCMGCU) in November 2026, against estimated strategy capacity of R2.5bn to R3.5bn.
- **Regime dependence.** Commodities hedge inflation, not every risk. In a growth shock they can fall alongside equities.

10. Conclusion

The conditions that made 60/40 reliable are weaker now. Commodities respond to inflation directly, resource equities do not stand in for them, and a risk-managed commodity portfolio has offered a better return per unit of downside than passive exposure, although not lower drawdown on a daily measure and not better returns than local equities. For allocators who carry inflation risk, we recommend reviewing

the strategic allocation, considering a range of 2.5% to 7.5%, and testing any vehicle against the limitations set out above.

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Basis of preparation

Data: UBS daily valuation prices for CCMGCZ (RPL history to 19 November 2026); Coherent monthly strategy returns to 30 September 2026 (the strategy series equals the CCMGCZ net return from 2024); Bloomberg Commodity Index in rand; FTSE/JSE Top 40 (J200) price return; FTSE/JSE Resource 10 Index (J210) price; JSE share prices; ICE gasoil, NYMEX platinum and spot gold, all in rand, via TradingView.

Returns are net of all fees for the Coherent series and exclude dividends for the equity series. April and May 2019 are treated as 0% in the monthly series.

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 cumulative figures can differ slightly from UBS's published since-issue return.

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